



**2006**

**APPRAISAL MANUAL**

**OFFICE OF REAL ESTATE**

**INDIANA DEPARTMENT OF TRANSPORTATION**

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## **Introduction**

**Code of Federal Regulation CFR 23, 1998, Section 1.33 Conflicts of interests,**  
states:

“No official or employee of a State or any other governmental instrumentality who is authorized in his official capacity to negotiate, make, accept or approve, or to take part in negotiating, making, accepting or approving any contract or subcontract in connection with a project shall have, directly or indirectly, any financial or other personal interest in any such contract or subcontract. No engineer, attorney, appraiser, inspector or other person performing services for a State or a governmental instrumentality in connection with a project shall have, directly or indirectly, a financial or other personal interest, other than his employment or retention by a State or other governmental instrumentality, in any contract or subcontract in connection with such project. No officer or employee of such person retained by a State or other governmental instrumentality shall have, directly or indirectly, any financial or other personal interest in any real property acquired for a project unless such interest is openly disclosed upon the public records of the State highway department and of such other governmental instrumentality, and such officer, employee or person has not participated in such acquisition for and in behalf of the State. It shall be the responsibility of the State to enforce the requirements of this section.”



**Appraisal Section – Organization**

1. **PURPOSE & ORGANIZATION**

The appraisal Section functions as an integral Section of the Division of Land Acquisition; the primary role being to establish the fair market value for all property rights to be acquired for use by the Department. The Section is also responsible for the appraisal of excess land to be disposed of by the Property Management Section. The organizational structure of the Section is:

APPRAISAL SECTION MANAGER

PROJECT  
COORDINATOR

CONTRACT  
COORDINATOR

CONDEMNATION  
SPECIALIST

STAFF APPRAISERS

STAFF REVIEW APPRAISERS

CLERICAL SUPPORT PERSONNEL

2. **APPRAISAL SECTION MANAGER:**

**DUTIES:**

Reports directly to the Chief Division of Land Acquisition.

Is responsible for the scheduling of appraisal activity to meet the Departments pre-assigned dates for completion.

Attends Division Project Scheduling and Project Tracking Meetings.

Is responsible for staffing the Appraisal Section.

Interviews applicants and makes recommendations regarding hiring.

Develops and maintains policies and procedures for the Appraisal Section.

Establishes qualifications for fee appraisers.

Maintains a list of qualified fee appraisers and fee review appraisers. Ascertains that the list is made available to INDOT Consultants, Local Public Agencies, and INDOT District offices. Qualified appraisers can be considered for the INDOT Approved Appraiser list by submitting sample condemnation appraisal reports for peer review where the acquisition impacted the property causing severance damage or the applicant can take the Central Office Appraisal Examination. A minimum score of 75% is required.

Evaluates employees' performance and discusses development objectives.  
Provides for the training and development of the appraisal staff.

Approves the selection of fee appraisers and the fees for each contract.

Is responsible for the Appraisal Handbook and updating as required.

Prepares periodic reports as requested by the Division Chief or other Department personnel.

Schedules and conducts informational Appraisal Staff Meetings on a regular basis.

3. CONDEMNATION SPECIALIST:

Duties:

The Condemnation Specialist serves as a liaison with the Deputy Attorney General's Office for the purpose of providing valuation witnesses for court testimony.

Reviews appraisals and appraisal updates for condemnation cases.

Provides orientation and training for newly hired staff appraisers.

Prepares appraisals and appraisal reviews as assigned.

Serves as a resource person for the State and Local Contracts Unit performing desk reviews of appraisals as requested.

Assists in updating the Appraisal Handbook.

Assists in establishing appraisal policies and procedures as requested by the Appraisal Section Manager.

Responds to Federal-Aid Ineligibility Notifications.

4. PROJECT COORDINATOR:

DUTIES:

The Project Coordinator is responsible for all appraisal assignments to staff appraisers and staff review appraisers.

Serves as the environmental specialist for the Appraisal Section giving advice with regard to appraising contaminated properties. Coordinates with the Pre-Engineering and Environment Division when environmental problems exist.

Provides for the preparation of right-of-way cost estimates as requested by other Divisions of the Department.

Prepares appraisals and appraisal reviews as assigned.

Completes special appraisal and review assignments as well as right-of-way cost studies.

Prepares appraisal problem analysis reports when the project complexity or size indicates the necessity to do so before making the assignments to staff appraisers.

Assists in the orientation and training of new personnel.

4. CONTRACT COORDINATOR:

DUTIES:

Establishes procedures to follow in the fee appraiser process.

Makes recommendations to the Appraisal Section Manager for the selection of fee appraisers.

Prepares appraisal problem analysis reports for parcels to be assigned to fee appraisers.

Negotiates fee appraiser contracts.

Monitors the progress of fee appraiser contracts.

Performs appraisal reviews as assigned.

Performs field check/cost estimate assignments.

Prepares appraisal reports as assigned.

Offers advice and assistance to staff appraisers.

5. STAFF APPRAISER/REVIEW APPRAISER (APPRAISER II):

DUTIES:

Preparation of Appraisal Reports.

Appraisal Reviews.

Field Check/Cost Estimate Assignments.

Project Supervision.

Appraisal Problem Analysis Assignments.

Special Appraisal/Review Assignments.

**QUALIFICATIONS:**

Must possess the qualifications of the Appraiser III classification, plus; Documented Eminent Domain Appraisal Experience.

Successful completion of two or more appraisal courses conducted by recognized appraisal organizations.

Exhibit knowledge of common right-of-way procedures.

Demonstrate the ability to appraise and/or review appraisals of a more difficult nature.

Must have a thorough knowledge of right-of-way appraising.

**6. STAFF APPRAISER (APPRAISER III):**

**DUTIES:**

Preparation of Appraisal Reports as assigned.

Field Check/Cost Estimate assignments.

Excess land appraisal assignments.

Is capable of performing Review appraisal assignments.

**QUALIFICATIONS:**

Knowledge and skills typically acquired through a Bachelor's degree.

Professional experience in real estate or related field.

Extensive knowledge of real estate and/or appraisal principles. Ability to travel throughout the state as assigned.

Ability to appear as an expert witness in condemnation trials.

Must have a valid Indiana Driver's License.

Must have a valid Real Estate Broker's License.

**OR**

A valid State of Indiana Appraisal License.

Must pass the Teco Plan Reading Course exam after being hired.

**Development and Education**

**Development and Education:**

It is the intent of the Appraisal Section to develop the skill and capabilities of the staff through continuing education and training. The implementation of this policy is accomplished by periodic informal training sessions within the Section and by formal courses of instruction offered by various professional associations, societies and institutions as well as colleges, and universities. The state's participation in these courses may be one of the following:

1. **TRAINING COURSE** which have been documented to be directly related to the work that the position requires.

State pays the registration fee and allows the course or be taken on State work time within the State of Indiana. However, if the course is taken on week ends or other non-work hours, there will be no compensation by the State for that time.

Registration for these courses must be handled by the Manager of the Appraisal Section directly with the Human Resource Division.

2. The Department's EDUCATIONAL ASSISTANCE PROGRAM. (A partial reimbursement, usually 75% of the registration fee).

Courses taken under this plan must be present or future job related. These courses must have prior approval by the Appraisal Section Manager and the Human Resources Division before enrollment and must be taken on the individual's own time. This program is subject to budget constraints so the availability of funds will vary from time to time.

3. COURSES NOT RELATED TO YOUR JOB or possible future job assignments with the State.

State pays nothing, all costs are borne by the individual and must be taken on individuals own time.

4. APPRAISAL SEMINARS, and other one or two day courses presented by various course presenters, etc. (Stress Management, Time Management, Computer Course, etc.)

Participation will depend on the nature of the course and its relevance to your job. The amount of State participation will vary. The Appraisal Section Manager will handle each request on an individual basis and coordinate with the appropriate Department personnel.



### **APPRAISAL REPORTS**

#### **PURPOSE**

The purpose of the Indiana Department of Transportation (INDOT) Appraisal Manual is to establish guidelines for staff and fee appraisers in the preparation of appraisal reports and all related assignments.

All appraisal assignments and reports must comply explicitly with the requirements of:

The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (Uniform Act);

Federal Regulations, (49 CFR Part 24); updated January 4, 2005; Public Law 91-646 dated January 2, 1971.

The Uniform Standards of Professional Appraisal Practices (USPAP); and appropriate Indiana Law.

The requirements set forth in the INDOT Appraisal Manual; as applicable to the individual assignments and property types, are considered to be in addition to the requirements of the Uniform Standards of Professional Appraisal Practices (USPAP), as per the Supplemental Standards Rule in USPAP.

Note: The Jurisdictional Exception provision in USPAP allows governmental agencies to request and obtain appraisal services without causing licensed and certified appraisers to be in violation of USPAP.

The requirements within the INDOT Appraisal Manual may be temporarily changed by written notice signed by supervision. If federal funds are involved, prior approval of the Federal Highway Administration will be required. Changes of a permanent nature will require revisions to the specific pages affected.

By Indiana Law, appraisals are to be treated as confidential and the content of ANY appraisal prepared for the Division of Land Acquisition is not to be revealed to anyone other than appraisal staff personnel, Federal Highway Administration personnel, and possibly other Section personnel who are working on the same project.

Indiana Law – IC 8-23-2-6 (c) (2)

States that “classify as confidential that part of the parcel files that contain appraisal and relocation documents prepared by the department’s land acquisition division.”

## **APPRAISAL REPORTS**

1. The type of property to be appraised and the appropriate approaches to value required will dictate the form, length and contents of the appraisal report. The following appraisal report forms provide the media for the preparation of the appraisal report:

Waiver Valuation  
Value Finding Report  
Short Form Report  
Long Form Report  
Narrative Report  
Excess Land Appraisal Report  
Specialty Report

2. Instructions for the use and completion of each of the above appraisal forms is addressed in, sections of this Manual; copies of the forms are included in the Exhibit portion of this Manual.

Federal and State requirements do not mandate that long, detailed, costly reports be prepared on simple acquisitions where the remaining property is not affected or is only affected to a limited degree and/or the taking is not complicated. The appraisal forms have been prepared with this in mind and provision is made for the inclusion of any information which is considered relevant and necessary to properly document the analysis of the property to be acquired.

There must be an adequate description of the appraisal approach used, along with well documented supporting data, for arriving at a value conclusion for the subject property. Each report should be written so that the reader who has never seen the property will have a mental image of the property and a complete understanding of the approaches to value and the reasoning used during the appraisal process.

## **GENERAL INSTRUCTIONS**

1. Each page of the appraisal report must be numbered in sequence at the bottom of the page.
  - a. Additional pages of a form or continuation sheets of plain paper may be inserted in the report to expand or clarify the contents.
- 2
  - a. The original appraisal is transmitted thru the Operations Office to the project review appraiser for review. The appraiser will retain a copy of the appraisal in his or her files for future reference.
  - b. The original Comparable Sales Docket plus two (2) copies is transmitted through the Operations Office for processing.

3. Photographs of good quality are required in the original appraisal report with the exception that photos are suggested in a Waiver Valuation. Reproductions of photographs are acceptable in the additional copies of the appraisal report.
4. Generally all forms should be used in the order, in which they are given, however, the appraiser may modify the order if such order is reasonable and the appraiser feels it will add clarity to the report.
5. An unaltered copy of the Engineering land plat should be included in all reports. If none is available, so state.
6. If the appraisal is relatively uncomplicated, only one appraisal is mandatory.

If the appraisal is complicated, with serious questions concerning highest and best use, or with major residue damage, two independent appraisals shall be obtained by the Appraisal Section. The Review Appraiser and supervision will make this decision when the appraisal problem and fee estimate is prepared. INDOT Supervision will make the final decision on obtaining two appraisals if there is a major diversity of thought among the above individuals.

### **APPRAISAL ASSIGNMENTS**

1. INDOT Appraisal Section staff assignments will be made by supervision who MAY have determined the type of appraisal report necessary for each parcel by inspecting the plans in the office. In some cases, supervision, or other staff member, will have prepared an Appraisal Problem and Fee Estimate Report by visiting the project site and performing an on-site inspection for each parcel on the project. The assignment sheet will indicate the date the appraisals are due to be completed, the number of days allowed for the appraisals, and the name of the review appraiser.
2. An on-site inspection by the appraiser and the review appraiser assigned to review the appraisals is recommended. This inspection will enable them to arrive at an understanding of the valuation process necessary to appraise the property. If the appraisal problem is significantly different than supervision envisioned, the appraiser must make the fact known so that the assigned due date may be adjusted accordingly.
3. The parcel packet for each parcel will include:
  - a. Abstract of Title or Title Insurance;
  - b. Title and Encumbrance Report;
  - c. Engineering Land Plats (sketches of subject property and R/W lines);

- d. Deeds indicating areas and rights to be acquired.
4. Right-of-Way Plans to include:
- a. Title Sheet showing location of project in relation to the general road system within the county.
  - b. Most R/W plans will include a Parcel Listing Sheet showing fee title owners, parcel numbers, station number left or right, area of entire tract, area of existing R/W, right to be acquired and residue areas. If this sheet is not included in the plans, it will usually be available from the Engineering Section, Division of Land Acquisition at a later date.
  - c. Typical cross sections showing the proposed road design.
  - d. Strip maps showing the relative locations of property lines and the existing and proposed roads.
  - e. Plan & Profile Sheets and Detail Sheets showing R/W lines, property lines, construction data, and other useful information.
  - f. Approach tables showing the location and construction of public and private drives and entrances.
  - g. Aerial Photo Mosaic Sheets showing property lines and R/W Lines may be provided on some projects.

### **WEEKLY REPORTS**

1. Each INDOT staff appraiser and review appraiser is required to prepare a weekly report and turn it in to supervision the first work day of each week for the previous week's activity. It is important that accurate information be included as to the progress of current assignments and anticipated completion dates for each project assignment as well as reporting work related activity for the proceeding week. See Exhibit #1.
2. If weekly reports are outstanding, travel vouchers will not be processed for payment until the reports are brought up-to-date.

## **APPRAISAL PROBLEM & FEE ESTIMATE**

The valuation process is a systematic procedure employed to collect the data necessary to establish the value of real property. The first step in the process is the definition of the appraisal problem for the property to be acquired.

The Appraisal Problem & Fee Estimate form, Exhibit # 3, is the means by which the appraisal problem is identified. Staff appraisers and/or staff review appraisers may be given an assignment to determine the appraisal problems which exist on each parcel of a given project. Review appraisers under contract for either INDOT consultants or Local Public Agencies often perform this task.

The following procedures will be followed in completing this assignment:

1. Study the latest R/W plans and plats for the project assigned.
2. Check the parcel packets for leases and other pertinent information that could have an effect on the appraisal problem.
3. Review the project file checking all previous R/W cost studies, environmental studies, and correspondence.
4. Make a field inspection of the project area and the parcels to be estimated.

Exception: On some projects, it may be possible to identify the appraisal problem by reviewing the right-of-way plans. If this is done, however, the review appraiser assigned to the project must verify that the appraisal problem was properly analyzed and that the appraiser assigned to each parcel, will be preparing the correct appraisal report.

5. Prepare the Appraisal Problem Report for each parcel on the project. The information may be typed or entered boldly in black pen. Check the column for "Staff".

If the parcels are subsequently assigned to a fee appraiser, supervision will use the Appraisal Problem Analysis to prepare the appraisal fee estimate.

6. The appraisal format and approach(s) to value must be appropriate for the appraisal problem to be addressed. When the analysis of the appraisal problem indicates it is a "borderline" situation (i.e. damages – long form versus no damages – short form); indicate the appraisal form and approaches which you feel will best address the appraisal problem.

At the bottom of the report, briefly describe the alternate format, and approaches to value that may be required to prepare the appraisal report. The review appraiser for the project and the appraisal assigned to appraise the parcel in question will later inspect the property and reach an agreement as to the valuation process to be followed.

7. If the appraiser is a fee appraiser under contract with INDOT, supervision must be made aware of any changes that may cause a modification to the contract with regard to the fees or the due date.

In compliance with provision 49 CFR 24.102 (b) a letter of notice of intent to acquire must be sent to all property owners. Please see sample below:

Date

RE: Project:  
Road:  
County:  
Code:

#### NOTICE OF INTENT TO ACQUIRE

Dear Mr. &/or Mrs. Property Owner,

In compliance with provision 49 CFR 24.102 (b) this letter is to notify you that the Indiana Department of Transportation has an interest in acquiring a portion of your property at ADDRESS, CITY, IN, in conjunction with a road improvement project.

The next contact with you will be by a person involved in the valuation process or the agent responsible for the acquisition of the necessary area.

Sincerely,

Appraisal Section

## **FIELD CHECK / COST ESTIMATES**

1. INDOT Staff appraisers are given preliminary field check assignments for the purpose of identifying the impact that the project will have on the property to be acquired and to estimate the cost the acquisitions. This estimate is then used for project budgeting purposes and/or to request monetary participation by the Federal Highway Administration.

Suggestions for design changes that may alleviate damages to property and/or reduce the right-of-way necessary for the project should be made by the appraiser during the field check. A follow-up memorandum is to be prepared and distributed within a few days of attendance at the field check, as follows:

- a. TO: Design Division Project Coordinator  
THRU: The Appraisal Section Project Coordinator  
FROM: Your Name, Staff Appraiser

Send Copies to:

Design Division: Project Manager

OR

Design Division: Development Group Manager

OR

The original & one copy may be sent to the Project Coordinator for distribution as required.

Land Acquisition: Business Administrator  
Schedule Coordinator  
Project File (Appraisal Section)  
Records  
Sender

- b. Project Number, Road, Location, County, Structure Number, Des. Number, Land Acquisition Code Number.

When a secondary road or bridge project extends into two or more counties, identify each project number with its county and break down the reported information by project number and/or county.

If a Land Acquisition Code Number has not yet been assigned, indicate on the memorandum that there is in fact no code number at this time.

- c. Area: Comment as to whether the area is rural or urban and generally agricultural, residential, commercial, industrial, or a combination of some of these.
- d. Parcels: Include an ESTIMATE of the number of each type of appraisal forms which will be required (i.e. # Long Forms, # Short Forms, # Value Findings and # Market Estimates). While this estimate may not be totally accurate, it will provide information which will be helpful for scheduling purposes later during development
- e. Improvements: Identify improvements that are in the proposed R/W. If none, so state. Comment on whether any improvements have been constructed that are not shown on the plans in hand and what affect the acquisition will have on them. If improvements will be adversely affected by the proposed acquisition, so state, and comment whether you believe a plan change is possible to eliminate the adverse effect. Also, comment with regard to apparent encroachments on existing R/W.
- f. Land Use: Describe the types of land areas to be acquired.
- g. Drainage: Comment on whether the subject of drainage was discussed, provided it affects abutting lands. If drainage does not damage abutting lands, no comment is necessary.
- h. Drives and Crossovers: Comment on drives or crossovers to be added to the plans, deleted from the plans, or relocated on the plans.
- i. Landlocked Remainders: Comment as appropriate (approximate size, uneconomic remnant, cost study needed, etc).
- j. Closures: If a bridge or road is wholly or partly closed, please comment on it.
- k. Access (Abutter's) Rights: Comment on whether or not such rights are to be acquired.
- l. Relocations: Comment if relocation is required for any parcels.
- m. Comment on all other matters of interest to the Division of Land Acquisition. Is the road on a new alignment, wholly, partly, or not at all? Will a temporary "run-a-round" be provided during construction?

- n. Right-of-Way Cost Estimates: A R/W cost estimate shall be made based on your knowledge of property values in the area. This estimate is utilized in obtaining Federal Funds for the right of way portion of the project or for INDOT budgeting.

The cost estimate must include the estimated cost of the right-of-way to be acquired plus the cost for the right of way services by Land Acquisition staff. (Referred to as “incidental” cost.) The “incidental” cost has been determined as follows:

ACCESS RIGHTS ONLY:           Appropriate Fee per Parcel  
ROAD & BRIDGE PROJECTS:   Appropriate Fee per Parcel  
  (With less than 20% of the parcels requiring relocation)  
ROAD & BRIDGE PROJECTS:   Appropriate Fee per Parcel  
  (With more than 20% of the parcels requiring relocation)

- o. The Design Division or the Engineering Consultant will send a copy of their field check minutes to the Appraiser or Review Appraiser who attended the field check. When received, a copy must be submitted to the Appraisal Section Operations Office to be filed in the project file for future reference.

2. RIGHT-OF-WAY COST ESTIMATES (When the appraiser does not attend the field check).

A right-of-way cost estimate may be requested without the opportunity to attend a field check. The Design Division squad leader should be contacted to find out if there were any right-of-way concerns discussed during the preliminary field check. The staff member assigned this task must study the design plans, plus available information concerning property values in the area of the project and estimate the right-of-way cost. The estimate should then be prepared and submitted in the same manner as described above.

## **FINAL FIELD CHECKS**

1. FINAL FIELD CHECKS are scheduled in various stages of project development. An appraiser or review appraiser may be assigned to attend a final field check if it appears that design changes have been made subsequent to the preliminary field check or if the appraisal process is nearing completion.
  - a. Before attending a final field check, the appraiser should check the status of the project to determine if additional changes will have a positive or negative effect on the appraisal process and ultimately, the project. It is important that all right-of-way concerns be brought to the attention of the Design Division or Design Consultant during the field check along with a follow-up memorandum.
  - b. A revised right-of-way cost estimate may be requested at this time if there have been significant design changes since the preliminary field check.

## WAIVER VALUATION

Definition: Appraisal Waiver; 24.2(a)(33)

The term waiver valuation means the valuation process used and the product produced when the Agency determines that an appraisal is not required, pursuant to 24.102(c)(2) appraisal waiver.

### GENERAL INSTRUCTIONS

Federal Regulation 49 CFR Part 24.2 (a) (33) states in part “An appraisal is not required if the Agency determines that an appraisal is unnecessary because the valuation problem is un-complicated and the fair market value is estimated at \$10,000.00 or less, based on a review of available data”.

The Waiver Valuation is the simplified valuation used by INDOT for the acquisition of property or property rights when it is obvious that there will be no residue damage to the remaining property and the value of the part to be acquired is \$10,000.00 or less.

The waiver Valuation is not an appraisal. The URA Rule appraisal requirements and USPAP standards relating to appraisals do not apply. An appraisal review is not required, but within the agency (INDOT), there must be a process to assure that the basis for not preparing an appraisal is appropriate and that the waiver valuation amount is used to determine what is believed to be just compensation.

The basic concept is that the waiver valuation will be prepared by a knowledgeable person who is aware of the general market values in the project area. It is not intended that the person preparing the valuation be a licensed/certified appraiser. The process is designed to free the appraisal staff to concentrate on more complex and difficult appraisal problems. Additionally, the URA requirements for offering the owner the opportunity to accompany the appraiser does not apply to the waiver valuations.

There is no specific requirement for “approval” of the waiver valuation (reviewing either the valuation itself or the decision to use a waiver valuation). Like an appraisal, the waiver valuation is input to the (separate) determination of what is believed to be the just compensation offer. Also, the waiver valuation (or an appraisal) need not directly represent what is believed to be just compensation. Both estimate fair market value, from which the Agency (INDOT) determines the just compensation offer.

A Cost-to-cure estimate for land improvements not included in the part taken may be added to the value of the acquisition. See Chapter IV. It is **NOT** acceptable for the total compensation to exceed \$10,000.00 for these parcels.

1. The Waiver Valuation must contain a brief description of the acquisition including improvements and how the acquisition relates to the residue property.

A study of current sales of comparable bare land, either in the immediate area or nearby area, is conducted to establish the unit value of bare land to be acquired. Sources which may be used to determine comparable land obtained from local realtors or other reliable sources. The waiver valuation preparer will reference specific sales to document the unit value of the acquisition. Example: "The following sales of comparable land in the area indicates that the unit value of land is \$\_\_\_\_\_ per \_\_\_\_\_." (List 2-3 specific sales of comparable properties.)

Comparable dockets or individual comparable data sheets are not required for these valuations.

NO PICTURES ARE REQUIRED. IF A PROPERTY INSPECTION IS MADE, PHOTOS ARE SUGGESTED.

A PROPERTY OWNER CONTACT IS NOT REQUIRED.

ADDITIONAL PAGES MAY BE ADDED AS NECESSARY.

The Waiver Valuation is a restricted valuation estimate made under the Jurisdictional Exception provision in USPAP, which allows governmental agencies (*Federal Highway Administration under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA) 49CFR Part 24*) to request and obtain valuation services for simple acquisitions without causing licensed and certified appraisers to be in violation of USPAP.

2. Federal Regulation 49 CFR PART 24.102 (n) (3) states in part, the Agency may permit the same person to both appraise or prepare a waiver valuation and negotiate an acquisition when the value of the acquisition is \$10,000.00 or less.

In compliance with this regulation, the Division of Land Acquisition, on some projects, assigns parcels meeting this criterion to the Buying Section to both appraise and purchase. In this event, the Appraisal Section supplies the Buying Section with all available comparable sales data and assists in any way necessary to ascertain that the property value is appropriately established.

3. An in-depth appraisal review is NOT required, however, prior to negotiations, a Waiver Valuation must be APPROVED by an INDOT appointed Approval Designee for the project, supervision where the report originated, or a person designated by said supervisor. Approval of the Waiver Valuation does not require an "on site" inspection of the subject property and the comparable market data. A minimum payment award may be applicable for these parcels. See Par V, Section 12, Page 9.

A Local Agency or INDOT consultant Project Manager may initially approve these reports but each report must also be approved by an LPA official or INDOT Division of Land Acquisition employee prior to an offer being made for purchase.

### CF-3

Form CF-3 is the first page of the Value Finding, Short Form, and Long Form Appraisal Reports.

This page is NOT to be used for the Waiver Valuation or the Narrative Appraisal Report.

1. Code – Enter Land Acquisition code number if the project is an Indiana Department of Transportation project. Local Public Agency projects do not utilize this identification.
2. Value Finding, Short Form, or Long Form – Indicate with an “x” the type of report and also whether it is a partial or total acquisition in the spaces provided.
3. Page 1 of \_\_\_\_\_ (self explanatory)
4. Type of Property – This line is for INDOT data base entry as well as for identifying the type of property being appraised. The data base will only accept ONE type and it must be one of the following: Residential, Commercial, Bare Land, Farm, Special, or Industrial. You may then, in parenthesis, indicate the specific type of property, such as gasoline service station, general store, warehouse, dairy farm, single family residence, multi-family residential, etc. For instance: bare land (Commercial). Commercial (General Store), Farm (Dairy farm), etc.
5. Project – Enter the Right-of-Way Project Number.
6. Parcel – Enter parcel number.
7. Location – Location may be reported as a mailing address only when the latter is related to physical location. The alternative is to refer to readily identifiable landmarks.
8. Owner – State the name, address and telephone number, if possible, of the owner of record.
9. Road – Indicate the Interstate, Federal, State, (or County) road number.
10. County – The County in which the property being appraised is located.

11. Tenant – The subject property may be occupied by someone other than the owner. It is the appraiser's responsibility to determine the identity of the occupants and the nature of their rights of possession.
12. Contact Buyer – State the name, address, and telephone number, if possible.
13. Land Areas – Enter in the appropriate spaces the total area of the property before and after the acquisition, the total area of fee simple acquisition, temporary and provisional R/W, and the access rights that are to be acquired. The before area is the gross area minus the area which is in existing right-of-way.
14. Certificate of Appraiser – Please carefully read the certification before signing the report. The appraiser's signature on this form certifies compliance with the certification as written. Any additions to the certification must be made within the body of the appraisal report rather than on the printed certification.
15. The "as of" or effective date of the appraisal must be the same date that the property was last inspected by the appraiser. See Owner contact page 28.

Exception: If appraising or updating for trial after a parcel is filed for condemnation, the "date of take" is the date the defendants are served with a copy of the Notice to Appear in court. The appraiser will be notified as to what date to use.

The last paragraph is the appraiser's opinion of the fair market value for the property acquired inclusive of all residue damages, if any.

16. Summary – This data will have been developed in various sections of the appraisal report. The Before Value may be OBSERVED from comparable sales data of the subject area or nearby comparable areas. If local data is unavailable, a reliable cost manual may be used. The "After Value" is the observed "Before Value" minus the contributory value of the acquisition. The appraisal of the ACQUISITION must be supported by comparable sales in the area or a nearby comparable area. Type "Observed" and enter the dollar value.
17. Primary Appraiser – The appraiser who was assigned to appraise the parcel, OR the appraiser under contract must complete the signature portion of this report. The date that the appraiser signs the report must be no more than thirty days (30) after the date of the last inspection.
18. Assisted By – The signature of persons who may have provided professional assistance to a fee appraiser who is under contract to provide the appraisal services is to be entered in these spaces. These spaces are not intended for INDOT staff appraisers.

## **VALUE FINDING APPRAISAL REPORT**

**SCOPE OF WORK:** The appraiser must, at a minimum:

1. Provide an appraisal meeting the agency's definition of an appraisal. The definition of appraisal should be in the INDOT's FHWA-approved Appraisal Manual. For Federal-aid projects the definition must be compatible with the definition found at 49 CFR 24.2(a)(3).
2. Afford the property owner or the owner's designated representative the opportunity to accompany the appraiser on the inspection of the property. How this is to be handled should be in the INDOT's FHWA-approved Appraisal Manual.
3. Perform an inspection of the subject property. This should be specified in the INDOT's FHWA-approved Right-of-Way or Appraisal Manual. The inspection should be appropriate for the appraisal problem, and the Scope of Work should address:
  - o The extent of the inspection and description of the neighborhood and proposed project area,
  - o The extent of the subject property inspection, including interior and exterior areas,
  - o The level of detail of the description of the physical characteristics of the property being appraised (and, in the case of a partial acquisition, the remaining property),
4. In the appraisal report, include a sketch of the property and provide the location and dimensions of any improvements. Also, it should include adequate photographs of the subject property and comparable sales and provide location maps of the property and comparable sales as called for in the INDOT's FHWA-approved Appraisal Manual.
5. In the appraisal report, include items required by the acquiring agency, usually including the following list: This should be in INDOT's FHWA-approved Appraisal Manual.
  - o The property right(s) to be acquired, e.g., fee simple, easement, etc.,
  - o The value being appraised (usually fair market value), and its definition
  - o Appraised as if free and clear of contamination (or as specified),
  - o The date of the appraisal report and the date of valuation,
  - o An identification of realty/personalty as required per 49CFR24.103(a)(2)(i),
  - o The known and observed encumbrances, if any,
  - o Title information,
  - o Location,
  - o Zoning,
  - o Present use, and
  - o At least a 5-year sales history of the property.
6. In the appraisal report, identify the highest and best use. If highest and best use is in question or different from the existing use, provide an appropriate analysis identifying the market-based highest and best use.

7. Present and analyze relevant market information. Specific requirements for market information should be in the INDOT's FHWA-approved Appraisal Manual and should include research, analysis, and verification of comparable sales. Inspection of the comparable sales should also be specified.
8. In developing and reporting the appraisal, disregard any decrease or increase in the fair market value of the real property caused by the project for which the property is to be acquired or by the likelihood that the property would be acquired for the project. If necessary, the appraiser may cite the Jurisdictional Exception or Supplemental Standards Rules under USPAP to ensure compliance with USPAP while following this Uniform Act requirement.
9. Report his or her analysis, opinions, and conclusions in the appraisal report.

#### Additional Requirements For A Scope Of Work

**INTENDED USE:** This appraisal is to estimate the fair market value of the property, as of the specified date of valuation, for the proposed acquisition of the property rights specified (i.e., fee simple, etc.) for a Federally assisted project.

**INTENDED USER:** The intended user of this appraisal report is primarily the acquiring agency, but its funding partners may review the appraisal as part of their program oversight activities.

**DEFINITION OF FAIR MARKET VALUE:** For the purpose of valuing the property, including land and any building, structure and improvement thereon, acquired under the power of Eminent Domain by the Federal government or using Federal-aid or Federal grant funds, **Fair Market Value** is the amount of money (cash or its equivalent) which, as of the date of valuation:

- a. An informed and knowledge purchaser willing, but not obligated, to buy the property would pay to an informed and knowledgeable owner willing, but not obligated, to sell it.
- b. Taking into consideration all uses for which the property is suited and might in reason be applied; including, but not limited to the present use or highest and best available use taking into consideration the existing zoning or other restrictions upon use and the reasonable probability of a change in those restrictions.
- c. Allowing a reasonable period of time to effectuate such sale.
- d. Disregarding any decrease or increase in fair market value of such real property prior to the date of valuation caused by the public improvement of which such property is acquired, or by the likelihood that the property would be acquired for such improvement, other than that due to physical deterioration within the reasonable control of the owner.
- e. Disregarding the fact that the owner might not want to part with the land because of its special adaptability to the owner's use.
- f. Disregarding the fact that the taker needs the land because of its peculiar fitness for its purpose.

- g. Disregarding any “gain to the taker”, i.e., not giving consideration to the special use of the condemnor as against others who may not possess the right of Eminent Domain.
- h. Including the value of any buildings, structures, or improvements located upon the land, which are required to be removed or which it is determined will be adversely affected by the use to which such real property will be put, regardless of whether such building, structure or improvement is classified as a real or personal property under local law. Such buildings, structures and improvement are valued based upon their contribution to the fair market value of the real property to be acquired or their value for removal from the real property (salvage value), whichever is greater. This includes tenant owned buildings, structures, or improvements, even if the tenant has a right or obligation to remove the building, structures, or improvements at the expiration of the lease term and even if classified as personal property under law.
- i. Fair market value, based upon adequate recent comparable sales and offering data is usually the measure of just compensation.

**ASSUMPTIONS AND LIMITING CONDITIONS:** The appraiser shall state all relevant assumptions and limiting conditions. In addition, the acquiring agency may provide other assumptions and conditions that may be required for the particular appraisal assignment, such as:

- The data search requirements and parameters that may be required for the project.
- Identification of the technology requirements, including approaches to value, to be used to analyze the data.
- Need for machinery and equipment appraisals, soil studies, potential zoning changes, etc.
- Instructions to the appraiser to appraise the property "As Is" or subject to repairs or corrective action.
- As applicable include any information on property contamination to be provided and considered by the appraiser in making the appraisal.

## GENERAL INSTRUCTIONS

### **Minimum Criteria**

No specific format is prescribed for a Value Finding Appraisal, but the essential elements listed below and those outlined in Chapter II of the INDOT Appraisal Manual must be included.

**A Value Finding Appraisal must contain as a minimum the following:**

- **Project** and **parcel numbers**,
- **Description**, **location** and **size** of the property to be acquired including **photographs** of improvements being affected,
- **Name** and **address** of the **owners**, and tenant information when applicable,
- **Value** appraised, **date of valuation** and **interest** being acquired,
- **Basis for value** of land (or land and improvements) used, and a brief **analysis** indicating how it supports the value estimate,
- The estimate of **fair market value**, including a breakdown of the value of **land** and **improvements**, and value of **taking** and **damages**, and
- Appraiser's **certificate** including **signature** and **date** of signature.

Note: The 911 address of the subject property should appear in the Location section of the CF-3 page of the report; photos of the subject property and any affected improvements along with site sketches are also required.

**Milestones:**

Dates for completion will be established with INDOT supervision.

- 1) Property owner contacts completed.
  - 2) All Land Acquisition initiated design changes submitted.
  - 3) Appraiser ordered necessary cost-to-cures.
  - 4) Completed market comparable docket from appraiser, setback study and other pertinent market information. First appraisals completed. Begin continuous flow of parcels.
  - 5) All cost-to-cures completed.
  - 6) All parcels completed.
- 
1. The Value Finding report may be used for un-complicated acquisitions of property or property rights when the total estimated compensation to the owner will not exceed \$20,000.00. The standard report consists of forms CF-3 and CF-4, however, additional forms or pages may be added as necessary to properly document the appraisal of the property to be acquired.  
  
It may be acceptable to exceed the upper limit of the Value Finding report when there is no indication that a more in depth appraisal is necessary to adequately appraise the acquisition. Written approval by supervision will be given in these instances. LPA's and INDOT consultants will establish the authority for this approval.
  2. The valuation of the acquisition must be supported by comparable sales in the area or a comparable area as nearby as possible. The appraisal is NOT of the acquired area; rather the acquired area is appraised as it contributes to the value of the entire property.

3. Temporary R/W, Provisional R/W, Perpetual Easements, plus minor cost-to-cure items such as wells, septic systems, and fencing may be written in this report.
4. The appraisal of minor land severance/angulation damages which requires only a brief explanation or analysis is allowed in this report.
5. The estimated Before Value of the subject property is OBSERVED from comparable sales data from the subject area or nearby comparable areas. The After Value is the Before Value minus the value of the acquisition.
6. This report should NOT be used for acquisitions of major building improvements such as dwellings, commercial buildings, etc.
7. The acquisition of storage sheds and other small structures may be appraised on this report. The basis of value must be clearly explained, i.e. contributory value, cost new less depreciation. Show calculations and indicate the source of data used in the report.
8. The departure provision of the Uniform Standards of Professional Appraisal Practice may apply to this report.

1. OWNER CONTACT – Each owner must be notified of the acquisition and given an opportunity to accompany the appraiser on the inspection of the property. The initial contact with the owner may be made by either a telephone call or by letter. The date of the inspection and whether the owner did or did not accompany the appraiser must be recorded here.
2. LEGAL DESCRIPTION – Space is provided for a brief legal description of the property to be acquired.
3. APPROACH TO VALUE – Enter a brief statement regarding the appraisal approach to value used in the report; the other approaches which were considered and why they were not considered applicable to the report.
4. HIGHEST AND BEST USE – Analyze the Highest and Best Use of the property being appraised and the remaining property after the acquisition. If a change in the Highest and Best Use is indicated after the acquisition, which will cause damages to the remaining property, a Long Form report will be required.
5. DESCRIPTION OF R/W TO BE ACQUIRED – Write a brief description of the area to be acquired:

Location -	Describe the location as it relates to nearby cities, towns, & adjacent roads.
Zoning -	State the current zoning of the subject property.
Area -	State whether the property is located in a rural or urban area.
Neighborhood –	State whether the property is or is not typical for the area.
Site -	Describe the topography of the property.

Improvements-	Describe all land improvements to be acquired including; fences, trees, shrubbery, ground cover, signs, etc..
Access -	Describe the present access and what the access will be after the acquisition.

6. LAND AREA TO BE ACQUIRED – Indicate the market value of land in the area with references to attached comparable sales or to a comparable sales docket. Clearly state the basis for your determination of unit value. A brief analysis of the market value will add credibility to this report. Perform the calculation for the acquisition.
7. COST APPROACH FOR IMPROVEMENTS AND/OR LAND IMPROVEMENTS ACQUIRED IN ALL R/W - Describe all improvements to be acquired and established the depreciated contributory value of each. A Local contractors or a reliable cost manual maybe be used to establish the cost new. The estimated contributory value of the Improvements may not exceed the cost new.
8. TEMPORARY R/W – See Chapter IV for appraisal guidelines to be followed.
9. PERPETUAL EASEMENTS – See Chapter IV, for appraisal guidelines to follow. Also reference Chapter VI with regard to property rights to be acquired.
10. LAND IMPROVEMENTS WITHIN TEMPORARY If there are improvements in the R/W which the property owner or the appraiser believes may be allowed to remain without hampering construction, the appraiser must contact the Engineering Section Squad leader who will in turn ascertain whether the item(s) can be left in place. If the item(s) can be allowed to remain, the Engineering Section must cause a notation to be added to the plans indicating the land improvements are not to be disturbed during construction.  
A follow-up memorandum shall be prepared and directed to the person with whom you spoke verifying your understanding with regard to the improvements. Copies are sent to the same personnel as the Design Change Memo. (See Chapter IV).  
If it is determined that the improvements CANNOT be protected in this manner, they must be valued as to their contributory value to the property.
11. COST-TO-CURE ESTIMATES – See Chapter IV, for guidelines to be followed in obtaining cost-to-cure estimates.
12. PHOTO – See Chapter II.
13. SKETCH – If the property is Bare Land, an unaltered copy of the land plat will be sufficient. If there are improvements on the property, draw a small sketch of the parcel as near to scale as possible, showing dimensions, and attach a copy of the land plat. Draw a directional arrow indicating north.

## **SHORT FORM APPRAISAL REPORT**

**SCOPE OF WORK:** The appraiser must, at a minimum:

1. Provide an appraisal meeting the agency's definition of an appraisal. The definition of appraisal is in the INDOT's FHWA-approved Appraisal Manual. For Federal-aid projects the definition must be compatible with the definition found at 49 CFR 24.2(a)(3).
2. Afford the property owner or the owner's designated representative the opportunity to accompany the appraiser on the inspection of the property. How this is to be handled should be in the INDOT's FHWA-approved Appraisal Manual.
3. Perform an inspection of the subject property. This should be specified in the INDOT's FHWA-approved Right-of-Way or Appraisal Manual. The inspection should be appropriate for the appraisal problem, and the Scope of Work should address:
  - o The extent of the inspection and description of the neighborhood and proposed project area,
  - o The extent of the subject property inspection, including interior and exterior areas,
  - o The level of detail of the description of the physical characteristics of the property being appraised (and, in the case of a partial acquisition, the remaining property),
4. In the appraisal report, include a sketch of the property and provide the location and dimensions of any improvements. Also, it must include adequate photographs of the subject property and comparable sales and provide location maps of the property and comparable sales as called for in the INDOT's FHWA-approved Appraisal Manual.
5. In the appraisal report, include items required by the acquiring agency, usually including the following list: This is in INDOT's FHWA-approved Appraisal Manual.
  - o The property right(s) to be acquired, e.g., fee simple, easement, etc.,
  - o The value being appraised (usually fair market value), and its definition
  - o Appraised as if free and clear of contamination (or as specified),
  - o The date of the appraisal report and the date of valuation,
  - o An identification of realty/personalty as required per 49CFR24.103(a)(2)(i),
  - o The known and observed encumbrances, if any,
  - o Title information,
  - o Location,
  - o Zoning,
  - o Present use, and
  - o At least a 5-year sales history of the property.
6. In the appraisal report, identify the highest and best use. If highest and best use is in question or different from the existing use, provide an appropriate analysis identifying the market-based highest and best use.

7. Present and analyze relevant market information. Specific requirements for market information should be in the INDOT's FHWA-approved Appraisal Manual and should include research, analysis, and verification of comparable sales. Inspection of the comparable sales should also be specified.
8. In developing and reporting the appraisal, disregard any decrease or increase in the fair market value of the real property caused by the project for which the property is to be acquired or by the likelihood that the property would be acquired for the project. If necessary, the appraiser may cite the Jurisdictional Exception or Supplemental Standards Rules under USPAP to ensure compliance with USPAP while following this Uniform Act requirement.
9. Report his or her analysis, opinions, and conclusions in the appraisal report.

#### Additional Requirements For A Scope Of Work

**INTENDED USE:** This appraisal is to estimate the fair market value of the property, as of the specified date of valuation, for the proposed acquisition of the property rights specified (i.e., fee simple, etc.) for a federally assisted project.

**INTENDED USER:** The intended user of this appraisal report is primarily the acquiring agency, but its funding partners may review the appraisal as part of their program oversight activities.

**DEFINITION OF FAIR MARKET VALUE:** For the purpose of valuing the property, including land and any building, structure and improvement thereon, acquired under the power of Eminent Domain by the Federal government or using Federal-aid or Federal grant funds, **Fair Market Value** is the amount of money (cash or its equivalent) which, as of the date of valuation:

- a. An informed and knowledgeable purchaser willing, but not obligated, to buy the property would pay to an informed and knowledgeable owner willing, but not obligated, to sell it.
- b. Taking into consideration all uses for which the property is suited and might in reason be applied; including, but not limited to the present use or highest and best available use taking into consideration the existing zoning or other restrictions upon use and the reasonable probability of a change in those restrictions.
- c. Allowing a reasonable period of time to effectuate such sale.
- d. Disregarding any decrease or increase in fair market value of such real property prior to the date of valuation caused by the public improvement of which such property is acquired, or by the likelihood that the property would be acquired for such improvement, other than that due to physical deterioration within the reasonable control of the owner.
- e. Disregarding the fact that the owner might not want to part with the land because of its special adaptability to the owner's use.

- f. Disregarding the fact that the taker needs the land because of its peculiar fitness for its purpose.
- g. Disregarding any “gain to the taker”, i.e., not giving consideration to the special use of the condemnor as against others who may not possess the right of Eminent Domain.
- h. Including the value of any buildings, structures, or improvements located upon the land, which are required to be removed or which it is determined will be adversely affected by the use to which such real property will be put, regardless of whether such building, structure or improvement is classified as a real or personal property under local law. Such buildings, structures and improvement are valued based upon their contribution to the fair market value of the real property to be acquired or their value for removal from the real property (salvage value), whichever is greater. This includes tenant owned buildings, structures, or improvements, even if the tenant has a right or obligation to remove the building, structures, or improvements at the expiration of the lease term and even if classified as personal property under law.
- i. Fair market value, based upon adequate recent comparable sales and offering data is usually the measure of just compensation.

**ASSUMPTIONS AND LIMITING CONDITIONS:** The appraiser shall state all relevant assumptions and limiting conditions. In addition, the acquiring agency may provide other assumptions and conditions that may be required for the particular appraisal assignment, such as:

- The data search requirements and parameters that may be required for the project.
- Identification of the technology requirements, including approaches to value, to be used to analyze the data.
- Need for machinery and equipment appraisals, soil studies, potential zoning changes, etc.
- Instructions to the appraiser to appraise the property "As Is" or subject to repairs or corrective action.
- As applicable include any information on property contamination to be provided and considered by the appraiser in making the appraisal.

#### GENERAL INSTRUCTIONS:

##### **Minimum Criteria**

No specific format is prescribed for a Short Form Appraisal. In this type of appraisal both narrative and form type appraisals are acceptable. The essential elements listed below and those outlined in Chapter II in the INDOT Appraisal Manual must be included.

## All elements of Value Finding Appraisal plus ---

- Description of property; zoning; present and highest and best use; area; neighborhood; site and improvement data; access; photos; plat or plot plan,
- Description of comparables and a direct comparison to the subject,
- Explanation of nominal damages, and
- Complete comparable data information.

## A Short Form Appraisal must contain the following:

- **Project** and **parcel numbers**,
- **Name** and **address** of the **owners**, including tenant information when applicable,
- Brief discussion of **area and neighborhood factors** that influence property values and project design factors, if a partial take,
- **Description** , including **location, size, topography, shape, access, landscaping, utilities** and **zoning** of the property and **buildings, structures or improvements** in the taking area or which may be damaged, and identification of **tenant owned buildings, structures and improvements** to be acquired,
- **photographs** of principal improvements being acquired or affected,
- **Purpose** of the appraisal, including the **rights to be appraised, date of valuation, interest to be acquired** and **problem to be solved**,
- **Title information**, including a **five year sales history of the subject** property,
- Statement of **highest and best use** which, in this format, would be the present use,
- **Value** appraised, **date of valuation** and **interest** being acquired,
- **Market Data Approach**, which is normally applicable, including the selection and analysis of comparable data, a detailed explanation supporting any substantial adjustments and the indicated value conclusion,
- **Breakdown** of land and improvement values for a partial acquisition, a **statement of value** of the real property to be acquired and of **damages**, if any, to the remaining real property,
- Separate value of tenant owned **buildings, structures and improvements**,
- Appraiser's **certificate** including **signature** and **date** of signature for appraisers and any technicians who substantially contributed to the report, and
- **Addenda** - Exhibits and data not included in the body of the report such as photographs, location maps, leases, legal descriptions/ zoning requirements, construction plans, cost-to-cure consideration, appraisers qualifications and other applicable items.

Note: The 911 address of the subject property should appear in the Location section of the CF-3 page of the report; photos of the subject property and any affected improvements along with site sketches are also required.

Milestones: Dates for completion will be established with INDOT supervision.

- 1) Property owner contacts completed.
  - 2) All Land Acquisition initiated design changes submitted.
  - 3) Appraiser ordered necessary cost-to-cures.
  - 4) Completed market comparable docket from appraiser, setback study and other pertinent market information. First appraisals completed. Begin continuous flow of parcels.
  - 5) All cost-to-cures completed.
  - 6) All parcels completed.
- 
1. The Short Form report is intended to develop a supported estimate of value for only the right-of-way to be acquired and may be used for either a PARTIAL or TOTAL property acquisition. There is no dollar limitation for the use of this appraisal form.  
In the case of a total acquisition or an acquisition resulting in relocation. The appraiser shall use due diligence to coordinate the property inspection with an agency relocation agent; as per 49 CFR 24.103(a)(2)(i).
  2. See Chapter II for Approach to Value, & Highest & Best Use instructions and for Owner Contact/inspection instructions.
  3. If the parcel to be acquired is a partial acquisition, the before value of the subject property may be OBSERVED from comparable sales data of the subject area, or nearby comparable areas. If local data is unavailable, a reliable cost manual may be used. The “after value” is the observed “before value” minus the contributory value of the acquisition. The appraisal of the ACQUISITION must be supported by comparable sales in the area or nearby comparable area.
  4. The Short Form report consists of Forms CF-3, SF-5, CF-6, & SF-7 but may be supplemented with any number of pages needed to address the appraisal problem. Forms CF 9, CF 13, and CF 17 may be used if needed. Refer to Long Form Report, Chapter II for further instruction when using additional forms.
  5. The appraisal of minor land severance/angulation damage is allowed in this report.
  6. The valuation of building improvements must be adequately documented by including a Market Grid, Form CF 6, or a documented cost approach as described in item #6 under Value Finding Appraisal Report.
  7. Temporary R/W, Provisional R/W, Perpetual Easements, plus minor cost-to-cure items such as wells, septic systems, and fencing may be written in this report. See Chapter IV for Appraisal Guidelines.

8. For total acquisitions, the value estimates shall be derived from direct comparison of the subject parcel with market sales of comparable properties, following acceptable appraisal practices.
9. Sketch – See Value Finding for instructions.
10. The total estimate of compensation may include:
  - a. Value estimate of the permanent right-of-way acquisition including land, land improvements, and building improvements.
  - b. Partial acquisitions may include damages to the residue involving replacement or re-establishment items measurable by cost-to-cure estimates such as reconnections or replacement of walks, steps, drives, fencing, signs, etc. See Chapter IV Appraisal Report's General Instruction for instructions.
11. The departure provision of the Uniform Standards of Professional Appraisal Practice may apply to this report.
12. A statement of appropriate assumptions and limiting conditions may be added at the discretion of the appraiser.
13. An additional copy of the report is needed if the acquisition results in property owner or tenant relocation.

## **LONG FORM APPRAISAL REPORT**

**SCOPE OF WORK:** The appraiser must, at a minimum:

Provide an appraisal meeting the agency's definition of an appraisal. The definition of appraisal should be in the INDOT's FHWA-approved Appraisal Manual. For Federal-aid projects the definition must be compatible with the definition found at 49 CFR 24.2(a)(3).

Afford the property owner or the owner's designated representative the opportunity to accompany the appraiser on the inspection of the property. How this is to be handled should be in the INDOT's FHWA-approved Appraisal Manual.

Perform an inspection of the subject property. This should be specified in the State DOT's FHWA-approved Right-of-Way or Appraisal Manual. The inspection should be appropriate for the appraisal problem, and the Scope of Work should address:

- The extent of the inspection and description of the neighborhood and proposed project area,
- The extent of the subject property inspection, including interior and exterior areas,
- The level of detail of the description of the physical characteristics of the property being appraised (and, in the case of a partial acquisition, the remaining property),

In the appraisal report, include a sketch of the property and provide the location and dimensions of any improvements. Also, it should include adequate photographs of the subject property and comparable sales and provide location maps of the property and comparable sales as called for in the INDOT's FHWA-approved Appraisal Manual.

In the appraisal report, include items required by the acquiring agency, usually including the following list: This should be in INDOT's FHWA-approved Appraisal Manual.

- The property right(s) to be acquired, e.g., fee simple, easement, etc.,
- The value being appraised (usually fair market value), and its definition
- Appraised as if free and clear of contamination (or as specified),
- The date of the appraisal report and the date of valuation,
- An identification of realty/personalty as required per 49CFR24.103(a)(2)(i),
- The known and observed encumbrances, if any,
- Title information,
- Location,
- Zoning,
- Present use, and
- At least a 5-year sales history of the property.

In the appraisal report, identify the highest and best use. If highest and best use is in question or different from the existing use, provide an appropriate analysis identifying the market-based highest and best use.

Present and analyze relevant market information. Specific requirements for market information should be in the INDOT's FHWA-approved Appraisal Manual and should include research, analysis, and verification of comparable sales. Inspection of the comparable sales should also be specified.

In developing and reporting the appraisal, disregard any decrease or increase in the fair market value of the real property caused by the project for which the property is to be acquired, or by the likelihood that the property would be acquired for the project. If necessary, the appraiser may cite the Jurisdictional Exception or Supplemental Standards

Rules under USPAP to ensure compliance with USPAP while following this Uniform Act requirement.

Report his or her analysis, opinions, and conclusions in the appraisal report.

#### Additional Requirements For A Scope Of Work

**INTENDED USE:** This appraisal is to estimate the fair market value of the property, as of the specified date of valuation, for the proposed acquisition of the property rights specified (i.e., fee simple, etc.) for a Federally assisted project.

**INTENDED USER:** The intended user of this appraisal report is primarily the acquiring agency, but its funding partners may review the appraisal as part of their program oversight activities.

**DEFINITION OF FAIR MARKET VALUE:** For the purpose of valuing the property, including land and any building, structure and improvement thereon, acquired under the power of Eminent Domain by the Federal government or using Federal-aid or Federal grant funds, **Fair Market Value** is the amount of money (cash or its equivalent) which, as of the date of valuation:

- a. An informed and knowledge purchaser willing, but not obligated, to buy the property would pay to an informed and knowledgeable owner willing, but not obligated, to sell it.
- b. Taking into consideration all uses for which the property is suited and might in reason be applied; including, but not limited to the present use or highest and best available use taking into consideration the existing zoning or other restrictions upon use and the reasonable probability of a change in those restrictions.

- c. Allowing a reasonable period of time to effectuate such sale.
- d. Disregarding any decrease or increase in fair market value of such real property prior to the date of valuation caused by the public improvement of which such property is acquired, or by the likelihood that the property would be acquired for such improvement, other than that due to physical deterioration within the reasonable control of the owner.
- e. Disregarding the fact that the owner might not want to part with the land because of its special adaptability to the owner's use.
- f. Disregarding the fact that the taker needs the land because of its peculiar fitness for its purpose.
- g. Disregarding any "gain to the taker", i.e., not giving consideration to the special use of the condemnor as against others who may not possess the right of Eminent Domain.
- h. Including the value of any buildings, structures, or improvements located upon the land, which are required to be removed or which it is determined will be adversely affected by the use to which such real property will be put, regardless of whether such building, structure or improvement is classified as a real or personal property under local law. Such buildings, structures and improvement are valued based upon their contribution to the fair market value of the real property to be acquired or their value for removal from the real property (salvage value), whichever is greater. This includes tenant owned buildings, structures, or improvements, even if the tenant has a right or obligation to remove the building, structures, or improvements at the expiration of the lease term and even if classified as personal property under law.
- i. Fair market value, based upon adequate recent comparable sales and offering data is usually the measure of just compensation.

**ASSUMPTIONS AND LIMITING CONDITIONS:** The appraiser shall state all relevant assumptions and limiting conditions. In addition, the acquiring agency may provide other assumptions and conditions that may be required for the particular appraisal assignment, such as:

- The data search requirements and parameters that may be required for the project.
- Identification of the technology requirements, including approaches to value, to be used to analyze the data.
- Need for machinery and equipment appraisals, soil studies, potential zoning changes, etc.
- Instructions to the appraiser to appraise the property "As Is" or subject to repairs or corrective action.
- As applicable include any information on property contamination to be provided and considered by the appraiser in making the appraisal.

## GENERAL INSTRUCTIONS:

The minimum criteria for a Long Form Appraisal report are attached.  
{49 CFR 24.103(a) in italics below}

- *The purpose and/or the function of the appraisal,*
  - *A definition of the estate being appraised,*
  - *A statement of the assumptions and limiting conditions affecting the appraisal,* Assumptions and limiting conditions must be developed or approved by the agency concerned, prior to making the appraisal assignment, or items subsequently approved by the agency,
  - *An adequate description of the physical characteristics of the property being appraised (and, in the case of a partial acquisition, an adequate description of the remaining property),* **Project** and **parcel designation, owners and tenants names.** Include **area, neighborhood, site, improvements, access, photographs** (identified), **plat** or **plot plan** and **map** locating subject and comparable sales,
  - *A statement of the known and observed encumbrances, if any,*
  - *Title information, location, zoning, present use,*
  - *An analysis of highest and best use, of the property being appraised and any remaining property after the acquisition.*
1. The analysis must include consideration of any easements, leases or other title encumbrances,
  2. If the present use is not the highest and best use, show the basis for deciding that the property is legally and economically available and adaptable for a use other than the present use and that there is a demand.

*At least a 5-year sales history of the property,*

*All relevant and reliable approaches to value consistent with commonly accepted professional appraisal practices.*

The **sales comparison approach** should be developed in almost all cases. In addition, the **income** and **cost approaches** should be developed when either of these approaches is reflective of what a typical buyer would consider relevant for that type of property,

The **income** and **cost approach** should not be developed in lieu of a **sales comparison approach** except in very unusual situations. In the latter case, the lack of a **sales comparison approach** should be fully explained,

*An analysis and reconciliation of approaches to value that is sufficient to support the appraiser's opinion of value,* Should identify the strengths and weaknesses of each approach as they relate to the final conclusion of value,

*A description of comparable sales, including a description of all relevant physical, legal, and economic factors such as parties to the transaction, source and method of financing, and verification by a party involved in the transaction, Specific items, if they affect the data's validity or indicated value, should include: date of sale, rental or offering; consideration paid, conditions of sale (motivation), persons whom these were verified, and when, location and total land area of the comparable, type of improvements and size, any easements and leases, mineral, water, and other rights included, analysis of highest and best use at the date of sale, zoning at the date of sale, date of the appraiser's inspection, and photographs of principal improvements,*

*A statement of the value of the real property to be acquired, If a partial acquisition or an acquisition of less than fee title is involved, then prepare a similarly supported valuation of the remaining property interests after the acquisition,*

*For a partial acquisition, a statement of the value of the damages and benefits, if any, to the remaining property, where appropriate, and*

*The effective date of valuation, date of appraisal, signature, and certification of the appraiser.*

#### Milestones:

Dates for completion will be established with INDOT supervision.

- 1) Property owner contacts completed.
- 2) All Land Acquisition initiated design changes submitted.
- 3) Appraiser ordered necessary cost-to-cures.
- 4) Completed market comparable docket from appraiser, setback study and other pertinent market information. First appraisals completed. Begin continuous flow of parcels.
- 5) All cost-to-cures completed.
- 6) All parcels completed.

The Long Form appraisal report is the basic report which MAY be used to estimate fair market value for any acquisition. However, the Appraisal Section prefers that the Long Form Report be used only if the appraisal assignment cannot be accomplished within the limitations imposed on the Waiver Valuation, Value Finding and Short Form Reports previously described.

The Long Form provides for a well supported “before and after” appraisal. The format is composed of the following.

- I Identification – Certification – General Information
- II Value Estimate After R/W acquisition.
- III Description of R/W to be acquired.
- IV Value Estimate after R/W Acquisition.
- V. Breakdown of Compensation.
- VI. Addenda – Items necessary to support the report.

## CF-3

The first page of the Long Form Report is form CF-3. See Chapter II for instructions.

### 1. LF 8 Purpose of Appraisal

- a. Purpose of Appraisal – As printed on form.
- b. Identification of Parcels to be Acquired – Complete the form as indicated. Indicate the property rights to be acquired as “Fee Simple”, “Temporary R/W”, “Abutter’s Rights”, etc. If there is any question regarding the property rights to be acquired, the Review Appraiser should be consulted. It will then be the Review Appraisers responsibility to contact the appropriate person to resolve the issue.
- c. Sales Record – All sales of/or from the subject property in the past five years must be reported showing the information called for on the form. If the appraiser finds that the property has sold but cannot verify the selling price, efforts made to satisfy this requirement must be explained.

If a sale of/or from the subject property is reported in this section and such sale is not used as a comparable in the appropriate approach to value, the appraiser must explain in the valuation procedure analysis the reasons why the sales information was not used.

If there have been no sales of/or from the subject property within five years immediately preceding the appraisal, simply state “None in Past Five Years” under this section.

- d. Area and Neighborhood – Confine the discussion to factors affecting local values. In this section, the appraiser may indicate economic trends, discuss accessibility via major streets and highways to market, shopping and work areas. When comparable sales docket is permissible. A brief reference to the type of adjacent property should be included.
- e. Table of Contents – Self explanatory.

### 2. CF-9 Sketch

- a. Engineering Land Plat - A ‘land plat’ is prepared for all parcels involving permanent acquisitions. An unaltered copy of the “land plat” must be included in the appraisal report whether or not a “sketch” is included. Typically no land plat will be provided for parcels involving the acquisition of temporary R/W only.

- b. Sketch - The depth of detail in the sketch or sketches is ultimately determined by the appraisal problem to be solved.

Sketches should be drawn as near to scale as possible and show appropriate measurements. When the scale of the sketch is too small to adequately represent improvements taken or damaged, an additional sketch of larger scale should be included.

All improvements acquired or damaged must be shown. The inclusion of items not acquired or damaged will depend upon their individual importance in describing the property.

Show right-of-way acquisition, location of improvements, abutting streets or highways, fences, etc.

If a partial acquisition involves set-back damages to improvements, show the right-of-way line and set back distances both before and after the acquisition.

Indicate property access and affected improvements.

If appropriate, a photo copy of a portion of a plan sheet may be used.

Pertinent landmarks should be identified.

Indicate "north" with a directional arrow.

A drawing of the floor plan or room layout is required for buildings affected by the acquisition. If the residential dwelling (e.g. single family residential, multi-family), commercial building, industrial building, etc. is in the acquisition or suffers severance damages a drawing of the floor plan or room layout is required. Room measurements need not be shown unless considered a specific factor affecting value.

### 3. LF-10 Property Inspection & Owner Contact

- a. Property Inspection & Owner Contact – 49 CFR 24.102 (c) States "Before the initiation of negotiations the real property to be acquired shall be appraised except as provided in 24.102 (c) (2), and the owner, or the owner's representative shall be given an opportunity to accompany the appraiser during the appraiser's inspection of the property." The exception referred to in this statement is the Waiver Valuation.

The initial contact with the owner must be the letter of intent to acquire. State the dates on which attempts were made to contact the owner. For a suggested letter of intent to acquire, see Exhibit #4. Include a signed and dated copy of the intent to acquire letter in the addenda to the report.

State the date or dates that the property was inspected and whether the owner or the owner's representative did or did not accompany you on the property inspection.

The appraiser will give the owner, or the owners representative, the INDOT or LPA pamphlet "How Land is Purchased for Highways" at this time. Copies are available in the Appraisal Section office for INDOT acquisitions. For Local projects, contact the State and Local Contract Section.

If the owner (or a representative) is not immediately available and permission can be obtained to inspect the parcel, proceed with the inspection and the preparation of the appraisal.

If the owner requests that a second inspection be performed in his/her presence at a later date, the request must be honored if the second inspection can be accomplished within thirty (30) days of the initial contact. A supplemental letter to the file giving an account of a later inspection in the presence of the owner (or a representative) will serve as adequate documentation.

If repeated attempts to contact the owner are not successful, it may be necessary to appraise the property without an inspection. However, the appraiser must clearly indicate the circumstances under which the appraisal was made and the values used fully supported.

In the event the property is occupied by a tenant or contract purchaser, it is the appraiser's responsibility to determine the name of the occupant and what entitles the occupant to possession.

If the contract to purchase or lease agreement does not include the whole property under appraisal, it will be necessary to specify the property rights associated with each portion of the divided property.

If any part of the property (not included in the right-of-way acquisition) has been sold in fee simple estate, but there is no record of sale, confirm the boundaries of the areas sold and exclude such areas from the appraisal. It may be necessary to return the parcel to the Engineering Section for revisions to the land plat and the right-of-way plans. If there is any question, immediately notify supervision.

- b. Legal Description – Space is provided for a brief legal description of the subject property. Names of sub-divisions along with the appropriate lot number(s) are required for platted properties. Un-platted properties require only an abbreviated legal description, citing fractional sections plus township, range, and county.

- c. Zoning – Deed Restrictions – State the zoning and deed restrictions, if any, and explain. If no zoning and/or deed restrictions apply, so state.
- d. Description of Property – Before – The property description include type, whether improved or unimproved, location with reference to type of roads, accessibility and distance to towns or cities. Describe available services, utilities, and other factors that are pertinent to the value of the subject.

Note that all contiguous lands in the same ownership should be included in the parcel.

In the land description include comments as to size, dimensions, shape, angulation, separation, relation to road grade, frontage, access, topography, drainage, soil type or quality, fertility, natural resources, natural hazards, and other pertinent characteristics as applicable.

In the land improvement description include drives, fences, wells, septic systems, patios, trees, shrubs, and other pertinent items as applicable.

In the building improvement description include all buildings on the property. The depth of detail is determined for the most part by the complexity of the appraisal problem.

The description of buildings to be acquired or affected by the R/W acquisition should be detailed enough to give the reader a complete mental picture of such buildings as to type, physical characteristics, size, age, quality, and condition. As used here, “physical characteristics” refers to such details as construction material, interior, exterior, heating, cooling, plumbing, built-ins, etc.

Even though the same depth of detail is not required for buildings unaffected by the R/W acquisition, a general description must be given.

#### 4. LF-11 Present Use and/or Highest and Best Use

- a. Check ( ) Before Acquisition or ( ) After Acquisition.
- b. Present Use and/or Highest and Best Use Analysis – State the present use of the property. State your opinion (based on a study of the market), as to the use that would result in the greatest net return to the property. If the present use is not the premise on which the valuation is based, an explanation must be given justifying the determination that the property is available and adaptable for a different highest and best use and that there is a demand for that use in the market.

- c. Valuation Procedure – State which approach or combination of approaches will be used to support an estimate of the value of the subject property and why this procedure is most appropriate to the valuation problem at hand. Also state any approaches to value which were considered but not believed to be applicable to this appraisal.
5. CF-6 Land Value Analysis – If the subject is improved and the land value estimate is to be justified by sales of similar vacant land, Form CF-6 may be used. A minimum of three bare land sales is required or an explanation that they were not available. In the absence of sufficient bareland sales, improved sales from which the land value has been abstracted for comparison to subject land may be used. A complete explanation stating the reasoning in making the abstractions will be necessary.

Sales must be compared to the subject on a “total price” or “price per unit” basis, whichever is found to be appropriate for the type property appraised. Also, all sales used by the appraiser for comparison with the subject land are to be reported in complete detail either in the addenda of the appraisal or in the comparable sales docket. Each adjustment made must be clearly set out and fully explained. Adjustments may be made in terms of percentages or in dollar amounts. Justification for the value assigned will materially depend on the comparability of the sales used. Sales should be used that are the most similar to the subject property in time, location, size, utility, and which require the least adjustment.

In the Land Value correlation, the appraiser must clearly set forth the line of reasoning for arriving at the correlated value for the subject land. Unless the subject land is considered to be all of the same type and unit value, the correlated value must be broken down into its respective component values, i.e., woods, tillable, etc. This must be done, however, with support for the abstracted values being broken out. such support may be accomplished by references to sales or sales analysis which support the abstracted values.

6. LF-12 – To be used for the Cost Approach to value. Be sure to indicate whether the analysis is ( ) Before Acquisition or ( ) After Acquisition.
- a. Unit Costs – The source of the unit cost should be given with adjustments for variance in construction. Recognized cost indices may be used but should be supported or adjusted by references to contractor’s costs prevailing in the local community. Page reference of cost indices must be given.

Local Costs alone are considered to be an acceptable method of cost justification (when sufficient information is available) providing the appraiser includes the names of the contractor(s) consulted and comments on the providers’ qualifications as cost data sources.

- b. Building Grid – This section is for the most part, self explanatory. It is pointed out that the figure called for in the fourth, or “\$/Sq. Ft.” column, is the overall cost per square foot of the building listed and may not conform exactly with the individual costs developed above.
- c. Depreciation – The appraiser must provide an explanation for the estimates of accrued depreciation. The appraiser shall consider curable and incurable physical deterioration, functional obsolescence, and economic obsolescence. Additional pages may be added if necessary. The appraisal report shall relate the subject to each type of accrued depreciation. When the total depreciation can be supported by the market, that is, by a cost and depreciation analysis of sales with comparable buildings, a lump sum amount is acceptable provided each type of depreciation is discussed.

When the cost approach is presented in support of the market approach and the market approach provides the basis for the final value estimate, the appraiser may give a lump sum or percentage estimate of accrued depreciation for each of the three major types.

In the case of special purpose or other properties where the market data is weak or not available and the cost approach provides the basis for the value estimate, each type of depreciation shall be shown separately as either dollar amount or a percentage and a detailed explanation of each is required. The methods and explanations for depreciation for all major improvements must be consistent with those taught by the recognized professional appraisal organizations.

- d. Valuation of Land Improvements – Land improvements must be sufficiently itemized so as to allow the reader to clearly understand the appraiser's allocation of the monetary contribution to the real estate. Pertinent cost sources and cost information along with estimates of contribution must be shown.
- e. Summary of Cost Approach – Self explanatory.

7. CF-6 – MARKET GRID – The approach to value most readily understood is the market data approach, sometimes referred to as the sales comparison approach.

- a. All sales used by the appraiser for comparison with the subject property are to be reported in complete detail in the addenda of the appraisal report or in the comparable sales docket.

Relate the subject to at least three comparable sales. The justification for the value assigned will materially depend on the degree of comparability of the sales used. Sales should be used that are the most similar in time, location, size, utility, improvements, etc. which will require the least adjustment. It will be necessary to consider the market data approach to value in every appraisal.

Enter adjustments in the grid columns on the form, then fully explain these adjustments in the space below the grid.

When there is not a substantial value difference between a comparable sale and the subject property, a “lump sum” adjustment is acceptable provided an explanation of the significant elements of dissimilarity is included in the appraisal report.

If there is a substantial value difference between a comparable sale and the subject property, a detailed explanation is required for each significant element of dissimilarity affecting value for which an adjustment is made.

- b. Market Data Approach Correlation – Under this section the appraiser must set forth the reasoning for arriving at a correlated value for the subject property and enter the value indicated by the market data approach in the space provided.

8. CF-13 – INCOME APPROACH – This approach must be considered when the market value is influenced by the income that might be derived from the property. Applicable properties include:

Commercially improved properties;  
Farms which are economic units;  
Multiple residential properties; and  
Single family rental units.

- a. Income data must be fully supported and an operating statement must be constructed in appraisal format. The economic rent used in estimating gross income should be obtained from the market by reference to rental incomes of similar property. Estimates of vacancy loss and operating expenses require justification.

- b. The selection of interest rate and recapture requirements for the subject property, reflecting return on and return of similar investments in comparable real properties, must be adequately explained. Recapture and remaining economic life estimates in this section must not conflict with statements made in the cost approach under “Depreciation”.
9. CF-6 Cost Approach Analysis – The cost approach must be considered for improved properties when the market data is weak, nonexistent, or when the improvements are of special purpose design and enjoy little or no market demand. The appraiser is not encouraged to apply the cost approach when ample market data is available.

For improved properties where the land valuation is the only critical factor and the improvements are unaffected by the acquisition, the appraiser may assign an observed depreciated value to the improvements which when added to the estimated land value constitutes a cost approach. The appraiser must explain why the improvement value is not pertinent to the appraisal problem.

10. LF-14 – Value Estimate Before R/W Acquisition – Enter the value indications by each approach to value in the space provided and discuss the degree of reliability of each. If a considerable variance exists between the value indications for the different approaches, explain the reasons for such variance.
- a. Correlation and Final Value Estimate – Reconcile the value indications into a final value estimate and allocate the appropriate portions of the estimate to land, land improvements, and buildings and enter the figures in the spaces provided.
  - b. Description of R/W to be Acquired – Describe the land, land improvements and buildings actually included in the permanent, temporary and provisional right-of-way acquisitions whether or not they contribute to value.

Describe the shape, contour, area, access, also relation to land improvements, buildings, etc. For “abutter’s rights” acquisitions, describe the length and location of the access taken.

Or

If applicable, merely write “Total Acquisition” in this section.

- c. Description of Property After Acquisition – Describe the remaining property including, but not limited to improvements, area, shape, access, and whether remainder is contiguous or divided into two or more residues as applicable. Also, describe any physical changes affecting use or value brought about by construction of the right-of-way project, i.e. changes in grade, muck disposal, channel changes, setback, etc.

- d. Highest and Best Use – If there will be a change in the highest and best use as a result of the R/W acquisition, fully explain the change and why the change has come about, i.e. from farm to rural residential, from residential to commercial, etc. If there will be no change, so state.
  - e. Value Procedure – State that all three approaches to value have been considered and what approaches will be used to support the value of the subject property. State why this procedure is most appropriate to the valuation problem and why the other approaches are not applicable to this appraisal assignment.
11. CF-6 – Cost Approach After Acquisition – If the cost approach is used in the before value, it may well be applicable in the after value, assuming that all or a portion of the improvements are on the remainder. Form CF-6 will be used to develop bareland after values in the same manner that the form was used to develop before values. Building sizes and unit costs usually need not be repeated in the cost approach after the acquisition since they would remain constant: It will only be necessary to reconsider the accrued depreciation for any functional or economic obsolescence as a result of the acquisition.

If no severance damages are found to occur to any parts of the residue, their respective values as established in the before value may be re-applied in the after value with only a brief explanation.

12. CF-6 – Market Data Approach After Acquisition – Use the same form that was used in the before appraisal. The same criterion applies in arriving at an estimate of value after the acquisition.

If there are major changes in the residual property the appraiser shall attempt to find sales that have factors of comparability, even though they may be somewhat remote. It is more acceptable for an appraiser to use and make adjustments to sales of remote comparability (for support of the after value) than it is to disregard this approach.

If no severance damages or benefits are found to occur to the residue, the value as established in the before value less than value of the part acquired may be re-applied to formulate the after value for this approach. A brief explanation will be necessary.

13. CF-13 – Income Approach After Acquisition – In many cases, the after value may be supported by developing a new income approach which may require a new estimate of economic rent and schedule of expenses. In any event, justification for the data used to support this approach will be required to the same extent as in the before value.

14. LF-15 –Other Compensable Items –

- a. Cost-to Cure – The cost-to-cure estimate is an acceptable method of estimating residual damages to land or improvements not in the R/W acquisition and may be partially or completely offset by special benefits. The total amount of the cost-to-cure items is considered a severance damage.

The cost-to-cure damage which is “cured” by restoration of the facility or its utility may be applied to appropriate items in partial acquisitions. Such as replacement or relocation of fences, septic systems, wells, buildings adversely affected, etc. See Chapter IV for guidelines to follow in this instance.

Major cost-to-cure estimates (such as alteration of a structure, etc.), are acceptable only if it can be reasonably demonstrated that the amount of the estimate is equal to or less than the severance damage that would result if the cost-to-cure were not applied.

- b. Temporary R/W and/or Provisional R/W – Compensation for temporary and/or provisional R/W must be explained and computations shown. These estimates are not considered as severance damage and therefore, cannot be offset by special benefits. See Chapter IV, for the guidelines to follow in the computation process.

If temporary R/W or provisional R/W is on land being damaged by the acquisition, compensation for its use must be computed based on its damaged unit value.

Consideration must be given to the nature and purpose of Temporary R/W in determining whether or not land, land improvements, or building improvements will be physically affected. Consider both compensation for the use of the R/W and compensable physical damages to the area resulting from its use during construction. If there will be damages to improvements in the temporary R/W, compensation for the damages must be determined or the improvements must be appraised and acquired. No compensation will be awarded for improvements which will be replaced during construction. Such as mail boxes, lawns, driveways, etc.

- c. Land Improvements/Structures Within The Construction Limits – All improvements within the construction limits must be appraised and acquired unless the plans indicate that the improvement is not to be disturbed.

- d. Land Improvements/Structures Outside the Construction Limits – If land improvements or structures are located within the temporary or provisional R/W, but outside of the construction limits see Chapter II.
- e. Special Benefits – Damages to the remaining property which have been estimated and fully supported may be partially or completely offset by similarly supported special benefits. Special benefits are those which apply to the particular tract of land being appraised. General benefits to the community as a whole cannot be considered to offset damages. All residues located on or near interchanges must be CONSIDERED for special benefits.

The mere statement that “special benefits will offset damage’ is not acceptable. There must be a thorough explanation of the change in highest and best use after the acquisition and the completion of the project. Likewise, if no special benefits will accrue to residues favorably located, the appraiser must explain the reasoning for not assessing special benefits to the property.

The actual support of special benefits will be accomplished through the appraisers application of the after value appraisal. The appraisal must isolate and explain the specific area that will benefit from the acquisition. The appraisers estimated value of the special benefits is to be entered in the space provided on LF-15 and LF-16.

- f. Excess Land Valuation – Residues of property which are not actually needed for highway construction, but will be an uneconomic remnant to the property may be acquired and considered excess land.

The warranty deed, in the parcel packet, will describe all of the land area to be acquired as permanent right of way including excess land as a fee simple acquisition. A second engineering sheet will indicate only the area of excess land.

Property owners are to be compensated for all property acquired. Thus, any excess land acquired will be considered along with other needed right-of-way in arriving at the total compensation due the owner.

It is the responsibility of the appraiser to allocate a value for the excess land. The proper appraisal procedure is to value the excess land. The proper appraisal procedure is to value the excess land as if it were a separate residue tract. Comparable sales must be utilized when available. If comparable sales are not available, the appraiser must document the reasoning in allocating a value to the land and any improvements on it.

The review appraiser will use this allocation of value to establish just compensation for the taking and to establish the fair market value for the remaining excess land. In the event that the property owner should decide to retain the excess land the revised compensation may be easily computed.

15. LF-16 – Value Estimate After R/W Acquisition – Enter the value indications by each approach to value in the space provided and discuss the degree of reliability of each. If a considerable variance exists between the value indications for the different approaches, explain the reasons for such variance.
- a. Correlation and Final Value Estimate – Reconcile the value indications into a final value estimate and allocate the appropriate portions of the estimate to land, land improvements and buildings and enter the figures in the spaces provided. From the correlated value estimate subtract the amount of compensation for use of temporary and provisional right-of-way and cost-to-cure items of damage. Enter the overall net total in the space labeled “Estimate of Fair Market Value After Acquisition”. If special benefits will accrue to the remaining property, the total will have been reflected in the approaches to the after value, and if substantial, could reflect an after value greater than the before value.
  - b. Breakdown of Estimated Compensation – This section is an administrative requirement designed to facilitate review and audit operations. The information necessary to complete this section will have been developed in previous portions of the appraisal report.

Value of Acquisition – Multiply the areas of the various land types taken by their respective unit values and enter the products in the column provided. Itemize land improvements and buildings in the spaces provided and show the total value of the permanent R/W acquisition.

Indicated Loss in Value to Residue –cost-to-cure estimates and the severance damage estimates are to be entered here.

Special Benefits – If special benefits will accrue to the remaining property by reason of the acquisition, the total amount will be entered and subtracted from severance damage in the space provided.

When calculating the indicated loss in value to the residue, special benefits may be assessed only against total severance damages, and may partially or completely offset same.

Compensation for Use of R/W – These figures represent total estimated compensation for land areas of temporary R/W and provisional R/W

Estimate of Fair Market Value for all R/W Acquired – This figure is the sum of “Total Value of Acquisition”, Indicated Loss in Value to Reside (net) and “Compensation for Use of R/W”.

16. Photographs – Good quality and fully identified photographs are to be attached to the appraisal report, as indicated on each report form. Form CF-17 is provided for the Long Form Report. Additional pages may be added as necessary. Each photograph must be dated, indicate from which direction the photo was taken, and include comments sufficient to allow the reader to ascertain what the photograph represents. Include a sufficient number of photographs to show significant features of the property, particularly the improvements. At least one photograph of each area to be acquired is required. If building improvements are in the right-of-way, photographs are required to show the major interior features, i.e., bathroom, kitchen cabinets, fireplace, heating plant, etc. Include photographs of improvements which will be damaged by the acquisition. If a photograph is altered for identification or to show the new R/W line, etc., a duplicate unaltered photograph should also be included.
17. Addenda – The addenda to the appraisal report may include additional photographs, charts, maps comparable sales data, etc. The appraiser must prepare all exhibits in an attractive form and uniform size equal to the page of the report. The appraisal Section recommends that color schemes not be used for identifying soil types, land use, etc. as proper identification is lost in most methods of reproduction. Direct labeling or pen markings are preferable.
18. Comparable Sales Data – Comparable sales information may be included in the Appraisal or in a separate Comparable Sales Docket. If the data is included in the addenda of the appraisal, a locator map setting out their locations relative to the subject property and neighborhood must also be included. For more information regarding comparable sales requirements see Market Data, Chapter III.
19. Statement of Limiting Conditions – When appropriate, the appraiser may set forth any limiting conditions or assumptions that do not appear on the form.
20. Appraiser's Qualifications – Since the qualifications of all staff and fee appraiser's are maintained on file in the INDOT Appraisal Section, the inclusion of the appraiser's qualifications in each appraisal is not required. However, a brief resume' of the appraiser's qualifications may be included at the appraiser's discretion.
21. Optional Exhibits – Additional exhibits such as, cost-to-cure estimates, special charts, Soil plats, strip maps, letters, etc. may be included if the appraiser feels the exhibit will add documentation or information relevant to the report.

## **NARRATIVE REPORT**

1. The appraiser may use the Narrative Report in lieu of the Long Form or the Short Form appraisal report following the same criterion as explained in the Long Form Report, Chapter II.
2. The "Narrative Report" (NF-18), "Table of Contents", (NF-19), and "Breakdown of Estimated Compensation", (NF-20) forms, are available in the appraisal Section or are available on the computer diskettes maintained by the INDOT clerical staff. All pages in the report must be the same size. Additional items may be included in the body of the report or in the addenda as long as appropriate page references are included in the table of contents.

Form NF-18 is the first page of every narrative report, and must be included in all Narrative reports. The signature of the Primary Appraiser must be the appraiser who was assigned to perform the appraisal of the parcel. The signature lines "Assisted By" apply only to fee appraisers and are provided for the signature of anyone who provided Professional assistance to the Primary Appraiser who was under contract to perform the appraisal.

Form NFR-19 is self explanatory. Enter "N/A" in the space provided for page numbers if the correspondence headings do not apply.

Form NF-20 is an administrative requirement that is designed to facilitate review and audit operations. The information called for in this section will have been developed in previous sections of the report.

3. All appraisals prepared for the Indiana Department of Transportation are prepared with the objective of establishing an estimate of fair market value for the property to be acquired. Each appraisal must clearly set forth the following:

"The purpose of this appraisal is to estimate the fair market value of the subject property before the right-of-way acquisition and, as of the same date, the fair market value of the residue property as if the new highway facility had been constructed." The interest appraised is "Fee Simple Estate," unless otherwise stated.

Fair Market Value is defined as "....."

Highest and Best Use is defined as "....."

## **EXCESS REAL PROPERTY APPRAISAL REPORT**

1. Real property owned by the state of Indiana for the benefit of the Indiana Department of Transportation, having been declared excess, is appraised for disposal via the utilization of this appraisal report.

Excess Real Property, as referenced herein, can be either a property right(s) or real property in Fee Simple. It may be either improved or unimproved and often is an uneconomic unit.

2. The acceptable appraisal process involves appraising the excess property by one of two methods.
  - a. If acquired by deed it is to be appraised as excess property valued as it stands by itself on its own merits.
  - b. If acquired by grant, (easement), the value of the excess property is to be appraised taking into consideration the increase in value of the underlying fee due to the release of the subject easement.
3. The original plus one copy of the appraisal is required.

If space provided on the forms is inadequate for a particular item, continuation pages may be attached. Proper use of the form is explained below.

4. Form EP-21

Enter the Land Acquisition Code # if one has been assigned, the current Parcel No., Original Parcel No., and Original Project No.

Enter type property, address, from whom the property was acquired, mailing address, property size and classification.

Classification: Indicate whether the property is an economic or uneconomic unit.

Purpose of Appraisal – Indicate the interest to be appraised in the blank provided. (Fee Simple or easement)

Certificate of Appraisal – Fill in the effective date of the appraisal, and the appraised amount.

Present Use, Highest and Best Use – Self explanatory.

Summary of Value Indication – Self explanatory. Total value of excess area means estimated value of excess area as a separate entity.

Appraiser's Signature – Name typed (or printed), broker number, and/or State appraisal license number, appraiser's address, signature and date.

Form EP-22 – Area & Neighborhood – Give a general description of the subject area and neighborhood.

Legal Description – As provided.

Description of Property Declared Excess – Give a brief description of all physical features pertinent to the property.

Cost Approach – To be used if excess property is improved. Adequate supporting data is required relative to the complexity of the appraisal problem.

Market Data Approach – The subject must be compared and/or referenced to at least two comparable sales. However, as in the cost approach, the quality and quantity of supporting market data must be governed by the complexity of the appraisal problem.

Correlation and Value Estimate – Self explanatory.

## **SPECIALTY REPORT**

1. An appraisal of items which are often considered personal property may be required when the items in question are not to be relocated. Such property may be owned by the fee owner of the property or the lessee who occupies the property. Items of this nature are often machinery, restaurant equipment, business equipment of a specialized nature, etc.

The acquisition of trees which have a timber value may also require an appraisal by a person who specializes in this field.

The need for a specialty report will sometimes be apparent when the appraisal problem is analyzed by supervision. However, it is the responsibility of the appraiser and the review appraiser to ascertain that the items will need to be acquired and to obtain an appraisal of their value.

A list of qualified appraisers of various types of machinery, equipment, timber, etc., is available from supervision.

2. A standardized letter agreement is available from the Appraisal Section. Supervision will lend assistance in initiating the agreement as necessary.
3. The format of the specialty report must typify professional documentation and the content should have, as a minimum, the following inclusions:
  - a. State the purpose of the report.
  - b. Definition of value(s) reported, i.e. fair market value, salvage value, value in use, etc.
  - c. Identification of the property and its ownership.
  - d. Statement of appropriate contingent and limiting conditions, if any.
  - e. Identification of the value problem.
  - f. The estimate of value(s).
  - g. The data and analysis to explain, substantiate and thereby document the estimate of value(s).
  - h. The date(s) on which and/or as of which the estimate of value(s) is made.
  - i. The certification, signature and date of signature of the specialist.
  - j. Maps, charts, plans, photographs and other descriptive material deemed to be relevant to the value estimate.
4. The appraiser and/or the review appraiser must carefully consider the specialty report and incorporate the value into the estimate of just compensation consistent with appropriate sections of the Appraiser's Manual and applicable Federal and State laws and regulations.

### MARKET DATA

The term “Market Data” includes all Comparable Sales, rents, leases, expenses, vacancy rates, interest rates, costs, etc. obtained from the local market for use in real property appraising. The appraiser MUST include such data in the appraisal report OR compile it in a separate Comparable Sales Docket for the entire project. **See Page XX**

#### COMPARABLE SALES INFORMATION:

1. As a general rule, comparable sales should not be used if the transaction took place in excess of five (5) years prior to the effective date of the current appraisal. When older sales are used, the appraiser must explain their application. In most cases the explanation will be within the appraisal report, but may be included in the Comparable Sales Docket.
2. All sales of parcels on a current project must be developed as comparables if there has been a transfer of ownership within the last five (5) years. The sales should be verified with a second source in addition to the present property owner, if possible. *[See appendix A, 24.103 & 24.103(a). from Federal Register/Vol. 70, # 2]*  
  
*(i) An adequate description of the physical characteristics of the property being appraised (and, in the case of a partial acquisition, an adequate description of the remaining property), including items identified as personal property, a statement of the known and observed encumbrances, if any, title information, location, zoning, present use, an analysis of highest and best use, and at least a 5-year sales history of the property. [See appendix A, 24.103(a)(1).]*
3. Additional pages may be added if necessary. It is important that all pertinent information be included which may affect its use in support of the market value determination. While it is preferable that the comparable forms listed in item #5 be used, a form of the appraiser’s choosing may be substituted as long as all required information is included.
4. The appraiser must personally observe the exterior of each comparable sale being developed to ascertain that the property is indeed comparable to the subject property.
5. The comparable forms currently used are designated as IMPROVED LAND COMPARABLE, UNIMPROVED LAND COMPARABLE, COMPARABLE LEASE DATA, AND SIGN/BILLBOARDS. The forms are self explanatory and may be expanded as needed.

## VERIFICATION OF COMPARABLE SALES:

Proper verification of sales is vital in the development of market data. The following methods of verification are acceptable.

1. With public record "Sales Disclosure", the buyer, seller, broker, or other person having direct knowledge of the price, terms, and conditions of the sale.
2. Viewing the closing statement pertaining to the transaction.
3. Local Multiple listing service information UNLESS the information does not appear consistent with other data that has been collected. While in some instances this source is reliable, CAUTION must be exercised and in some cases a second verification will be considered necessary.
4. Re-verification of comparable sales which apparently have been properly verified by another appraiser (either staff or fee) is not required. Bear in mind, however, that the accuracy, validity, and analysis of all information included in the appraisal report either by inclusion or reference is the appraiser's professional responsibility.

## IMPROVED AND UNIMPROVED LAND COMPARABLE FORMS (MD-25 &26):

1. Photo View – Identified photographs of comparable properties are required even though no improvements are involved. The "Photo View" must contain comments sufficient to allow the reader to ascertain what the photo represents. The photo must be permanently affixed to the comparable data sheet. The date the photo is taken should be the inspection date at the bottom of the comparable form.
2. Sketch – In the upper right-hand corner of the comparable property form, prepare a sketch showing a north directional arrow and the location of the property with relation to pertinent landmarks such as roads, street intersections, etc. Also, show the location of major improvements on the property. Show all of the dimensions deemed pertinent and make the drawing to approximate scale. If the "sketch" portion of the form is needed for additional photographs, place the sketch under "Comments" or add a separate sheet to the report.
3. Date Sold – This is the date the sale was completed and may not necessarily be the date recorded or deeded. In the event of a contract sale, the sale date is the date the contract was initiated rather than the date the property was transferred by warranty deed to the contract purchaser. If the property is a listing or there is a pending offer, enter the date the information was obtained and clearly indicated that it is not a sale which has been finalized. Listing or offers to purchase should

be used primarily to supplement a scarcity or sales information and can never be solely relied upon for an appraisal report or when testifying in condemnation proceedings.

4. Actual Price – Indicate the verified sale price of the comparable property. If the sale included any items other than real estate, it should be indicated and explained.
5. Size – Enter the *NET* size or area as reported on the transfer instrument. If the sale is not recorded and its exact size is not available in public records, the appraiser is justified in using the size or area that was supplied by the party with whom the sale was verified.
6. \$/FF, \$/SF, \$/Acre – This is the average sale price per unit such as gross front footage, square foot, or acre, and may apply to improved or unimproved properties as appropriate. If the sale is on a net basis this should be noted and discussed in the comment section. Comparison to the subject should be on a net basis for both the comparable and the subject.
7. Vendor, Vendee, Property Address, City. – The name should appear exactly as they are stated on the transfer document.
8. Legal Description – Enter fractional section, township, range and county or subdivision and lot number as appropriate.
9. Deed Book, Page – Self explanatory – Also indicate *instrument* or document number or other appropriate record identification.
10. Recorded Consideration – As recorded on the warranty deed or sales contract and is normally “\$1.00 and other valuable consideration.”
11. Verified By, and Date – Enter the name of the person or brokerage firm with whom you verified the sales information and the verification date.
12. Financing – Financing and especially seller participation in financing must be thoroughly investigated, analyzed and explained. If the seller received immediate full cash payment, a statement to that effect is acceptable. If, however, the sale as a market indicator is affected by the financing, a cash equivalency analysis should be made to determine the sale’s true indication of market value.
13. Zoning – If the sale property is zoned, the zoning should be stated. If no zoning exists for the sale property; so state. *Record zoning designation; i.e. R-1 (Residential)*

14. Condition of Sale – Investigate the condition of sale. If a market sale, so state. Explain in detail if the sale price represents other than fair Market Value. If it is not possible to verify the condition of sale, so state.
15. Highest and Best Use – Indicate the highest and best use of the sale property at the date of sale. If the appraiser feels the highest and best use was other than its actual use, an explanation must be given.
16. Comments – Space is provided on each form for additional information or descriptions such as:

Description of improvements made after the sale which have changed the appearance and/or quality of the property;  
The appraiser's analysis of component values;  
Pertinent property history;  
Pertinent area and neighborhood information;  
Development of overall capitalization rates;  
Rent multipliers;  
Market depreciation, local costs, interest rates, etc.

17. Development of Non-Sales Data on Comparable Forms – The “Improved” and “Unimproved” Land Comparable sales forms, while basically designed for reporting market sales data, are also adaptable for reporting most of the “non-sale” type data used in the three approaches to value. Non-sales data such as those listed above may be developed in the comment section or by adding additional pages. When the property analyzed is not a sale, the items pertaining to a sale transaction appropriately should be marked “N/A” for “not-applicable.”
18. Locator Maps – All properties used as comparables, whether “sales” or “non sales,” are to be shown on a locator map. If the comparables are presented in the appraisal addenda only, they must be accompanied by a locator map. Likewise, each Comparable Sales Docket must contain a locator map. *It is recommended that an electronic mapping system be used with the property address.*
19. Signature – The appraiser's signature is not required on this form. Type or print Name, Brokers License Number, and/or State Appraiser License Number, County and Township of the Comparable Property, Project No., Land Acquisition Code No.  
Type Property – Be specific! Indicate; i.e. Service Station, Restaurant, Office Building, Residence, Etc.

Comp No. Identify as to type, as follows and number in sequence:

*Suggested lettering and numbering sequences below:*

Agricultural Bareland	AGBL
Commercial Bareland	CBL
Residential Bareland	RBL
Improved Agricultural	IAG
Improved Commercial	IC
Improved Industrial	II
Improved Residential	IR
Industrial Bareland	IBL
Lease Data	LD
Signs/Billboards	S/B
Special Purpose	SP

IMPROVED LAND COMPARABLE (MD-25):

1. See -MD-25 & 26, Pages 2-4.
2. Main Improvement, Other Improvements, Land Improvements, Land-Fill in  
As much detail as possible as indicated on the form. If information with  
regard to the interior of the property is not available, so indicate under  
"Comments".

Value Abstraction, Building, Land Improvements, Land (\$/) – A value  
abstraction is required here as indicated.

3. See "Comments" Item 16.

UNIMPROVED LAND COMPARABLE (MD-26):

1. See MD-25 & 26, Pages 2-4
2. Improvements Made Since Purchase – Make note of any improvements made to  
the sale property after the date of sale which have changed the appearance  
and/or quality of the property, and which were not a condition to the sale.
3. Land Improvements – Fill in the blanks provided as they apply to the sale being  
reported.
4. Available Services – Indicate the type of road serving the sale property and  
indicate the availability of water, sewer, gas lines or other services.

5. Land: Topography/Drainage, Quality of Soils, Other – Indicate whether the land is hilly, rolling, level, etc., whether it is well drained, poorly drained, etc., and indicate the soil suitability for the use of the property described. For a farm, the principle soil type or class of land or production rating would be appropriate. For other type properties the bearing quality or percolation rating, etc., may be appropriate.
6. Land Types, - Acres, - \$/Acre – The term “type”, as used on the form, does not necessarily refer to soil type, topographic type, etc., which might be associated with only one category of property. The abstracted contributory value per acre (or other unit) must be stated. The breakdown should include those types or categories of land which are pertinent to the description of the specific type of property being appraised. This breakdown should show what quantity of land at each level of desirability is represented in the sale.

Farms: A breakdown may be according to soil type, or tillable and non-tillable, tillable, woods, permanent pasture, Class I, II, or III, upland, bottom land and residential frontage.

Commercial Land: For commercial land, soil might be according to direct frontage, vs., interior land; land at grade, and land below grade; land fronting on a primary street, and land on a secondary street, etc.

Residential development land and industrial land may also be categorized in much the same manner.

#### COMPARABLE LEASE DATA (MD-23)

Complete as much of the information as you have obtained and verified. Additional pertinent information may be added under “Comments”. Identify by Comparable No. “LD” & number in sequence.

#### SIGN/BILLBOARD COMPARABLE DATA (MD-28)

The sign/billboard comparable data form will need to be used when appraising signs/billboards for purchase. Guidelines for the completion of the form follow:

1. Photo View – Identified photographs of comparable signs are required. The Photo View must contain comments sufficient to allow the reader to ascertain what the photo represents. If the sign is back-to-back or “V” type, a photo of each side should be included.
2. Photo Date – Date photograph was taken.
3. Amount of Land Lease – The remuneration per year or month for the land lease.
4. Terms of Lease – The length of time of the lease, length and number of each renewal, and any other pertinent data.

5. Remaining Period of Lease – The number of years remaining on the lease and renewals.
6. Land owner, Lease Date, Address, Phone Number - Self Explanatory.
7. Sign Number – The number assigned to the subject sign by INDOT and attached to the sign.
8. Location – Road number or Street Name, side of street or road, distance and direction from intersection or other identifiable landmark.
9. Legal – Fractional section, Township and Range or lot number and subdivision.
10. Zoning – County or City Zoning District in which sign is located.
11. Type – Either Poster Panel or Painted Bulletin.
12. Style – Single face, double face, back-to-back, or “V” type, side-by-side, stacked or combination.
13. Traffic Count – The annual average daily traffic past the subject as determined by INDOT Division of Program Development.
14. Sign Length – Length of sign face, if more than one face per sign, length of each sign face.
15. Height of Sign – Distance from bottom of sign face to top of sign face.
16. HAGL – Height Above Ground Level, the distance from the bottom sign face to the ground.
17. Cutout Sign Area – The dimensions or area of any applied or extended cutouts.
18. Number of Post – Number of posts supporting the sign face(s), total.
19. Post Size – Length and width of square post on diameter of round posts.
20. Post Height – Length of post from ground level to top of post.
21. Post Material – Wooden or Metal, Usually steel and may be either square, rectangular, “I” Beam or round.
22. Illumination – Type and number of lights illuminating sign.
23. Power Run In/LF – Length of power supply line from the sign to source of power (power line, building, etc.) / lineal feet.
24. Sign Status – Legal or illegal, conforming or non-conforming.
25. Date Erected – Self Explanatory.
26. Sign Owner – Individual or Company owning Sign.
27. Address – Address of above.
28. Phone Number - Phone Number of above.
29. Sign Leased To – Individual or Company to whom sign face (advertising) is leased.
30. Sign Lease Date – Self Explanatory.
31. Amount of Lease – Monthly or annual remuneration for Advertising on sign face.
32. Terms of Lease – Length of lease on sign face and other considerations, if any.
33. Sketch – drawing showing dimensions and any other pertinent details.

### **COMPARABLE SALES DOCKET**

The Comparable Sales Docket refers to a collection of comparable sales, leases, or rentals assembled before or during the appraisal phase of a project.

**Purpose:** To provide a single collection point where all comparable data may be made available to each appraiser and review appraiser assigned to a project. It is intended to eliminate duplication of effort and insure that all appraisers have access to all known data.

The Comparable docket may be prepared by single appraiser or several appraisers who are working in a project area.

1. The "Area and Neighborhood" data may be included in the comparable sales docket or, the appraiser may discuss the "Area" in the docket and "Neighborhood" in each appraisal report. This latter method is preferable in densely populated metropolitan areas, where rather distinct neighborhood patterns tend to develop within relatively small areas.
2. Supporting data for various adjustments may be developed in the narrative portion of the Comparable Docket when such adjustments appear uniformly on several parcels in the project area.
3. Area zoning regulations, soil descriptions and other area data should be included in the narrative portion of the docket.
4. Staff and fee appraisers may make reference to the Project Comparable Sales Docket as a part of the appraisal report or the applicable data may be inserted in the addenda of the appraisal report.
5. If a member of the Appraisal Section is assigned the responsibility for a Project Docket on a given project, he/she will make available all information comprising the docket to the appraisers (staff or fee) assigned to the project. It will be the responsibility of all staff and fee appraisers working on the project to forward any new data as soon as possible to that person in order that it is made available to all others. For INDOT projects, the responsible person is usually the Review Appraiser assigned to the project.
6. Additional comparables discovered subsequent to compiling the original Comparable Docket may be submitted as a supplement to the original Comparable Docket with identifying numbers continuing in sequence and accompanied by locator map.
7. Comparable data collected by the Appraisal Section is made available to all staff and fee appraisers who are performing appraisal services for INDOT.

## SUMMARY OF CONTENTS & CERTIFICATION (MD-24)

The appraiser is not required to sign each sales data sheet, but is required to include a certification page with each comparable sales docket, including subsequent supplemental sales dockets. This certification must be signed and dated by the appraiser and contain the following:

- a. Project number, road, county, and Land Acquisition code number (INDOT projects).
- b. Name (typed) appraisal license number, and/or broker number, address and phone number of the appraiser.
- c. A statement describing in general what types of information are covered, if any, in the narrative portion of the docket, i.e., Area Data, Neighborhood Data, Zoning regulations, local building costs, etc.
- d. The total number of comparable sales contained in the docket along with identification numbers. (See item 19 for identification codes.)
- e. A statement that all of the comparables are represented on a locator map or maps included in the docket.
- f. A statement certifying that the undersigned verified and personally inspected the exterior of each comparable on the dates shown on the individual sheets and that the appraiser was responsible for photographing each comparable in the docket.
- g. The appraiser's signature and date signed. *Electronic signature is okay.*

## AFTER VALUE STUDIES

1. Economic Studies (also called After Value Sales, Residue Sales, or Severance Studies) – Economic Studies, when used, appear almost exclusively in the after valuation as supporting data to justify severance damages. The general development and application of Economic Studies are discussed in three categories below.
  - a. Economic Studies as Direct Comparables – When used as direct comparable sales for the formulation of an after value, the Economic Study must receive the same treatment as a regular comparable sale. It must relate proper zoning, condition of sale, etc., and be compared directly to the subject. Adjustments must be made for differences known to affect value and such adjustments must be reasonable and supported.

- b. Economic Studies Used for Adjustment Justification – The distinction is drawn here between the “direct comparable” use or its use in the analysis for justification of adjustments. The latter situation limits the Economic study to the secondary role of providing support for a particular adjustment made in comparing other sales to the subject. The situation where this method is used would likely be one in which no local sales or Economic Study could be found which is similar enough to the subject to be used for direct comparison.

The adjustment will, in nearly all cases, serve as a measure of severance damages.

In most cases the adjustment justified will be in terms of a percentage representing the difference in value between the subject, which has a certain adverse condition imposed by the R/W acquisition, and the sale which lacks that certain condition. The Economic Study analyzed must demonstrate, to a comparable degree, the same adverse condition as the subject, even though its location, land improvements may not be closely comparable to the subject. If it were closely comparable it would be used as described under (a) above.

In developing the Economic Study to yield a percentage indication, the appraiser may compare the sale of the residue to its appraised Before Value, less payment for the physical acquisition or compare the sale of the residue to sales in its own area which would reflect its value if unaffected value should be as of the date of its residue sale. In the former method the appraiser must be careful to update the appraised Before Value to the date of the residue sale in order to obtain a realistic percentage indication.

- c. Economic Studies Used to Support Economic Obsolescence in the After Value Cost Approach – The appraiser may make an analysis of the Economic Study, abstracting the improvement’s value from the residue sale price. A further analysis of the improvements in terms of cost new and physical and functional depreciation will allow the appraiser to isolate the percentage of value loss due to the economic obsolescence imposed by the adverse effects of a certain type of R/W acquisition. If the type of R/W acquisition affecting the Economic Study is comparable to the R/W acquisition affecting the subject, the appraiser may apply the indicated percentage figure directly to the subject improvements under “depreciation” in the after value cost approach. This, of course, would be in addition to any other depreciation present in the subject before the R/W acquisition.

**COMPARABLE SALES DOCKET**  
**SUMMARY OF CONTENTS AND CERTIFICATE**

PROJECT \_\_\_\_\_ ROAD \_\_\_\_\_ COUNTY \_\_\_\_\_ CODE \_\_\_\_\_

APPRAISER \_\_\_\_\_ APPRAISER NO. \_\_\_\_\_  
BROKER NO. \_\_\_\_\_

ADDRESS \_\_\_\_\_ PHONE NO. \_\_\_\_\_

The narrative portion of the attached Docket contains information on the following general categories:

There are \_\_\_\_\_ comparables contained in the attached docket identified as follows:

All of the comparables attached and identified above are properly located on the area or locator map which is included in the attached docket.

I, the undersigned, hereby certify that the above information, to the best of my knowledge, is true and correct; that I have personally verified and inspected each of the comparables on the dates shown on the individual sheets; and that I am personally responsible for the photographing of each comparable.

Signature \_\_\_\_\_

Date \_\_\_\_\_

**COMPARABLE LEASE DATA**

PHOTO VIEW \_\_\_\_\_ Sketch \_\_\_\_\_

Property Address \_\_\_\_\_ City \_\_\_\_\_

Date of Lease \_\_\_\_\_ Occupancy Date \_\_\_\_\_

**LESSOR** \_\_\_\_\_ **LESSEE** \_\_\_\_\_

Lease Term \_\_\_\_\_ To \_\_\_\_\_ Commencement Date \_\_\_\_\_

Rent (Description and payment terms) \_\_\_\_\_

\_\_\_\_\_ Gross Rent \_\_\_\_\_ /Month \_\_\_\_\_ /Square Foot Gross/Net Lease Area

Expenses Paid By Lessor \_\_\_\_\_

Expenses Paid By Lessee \_\_\_\_\_

**RENT AMOUNT ON A NET LEASE BASIS** \_\_\_\_\_ /Square Foot

Information Verified By \_\_\_\_\_ Date Verified \_\_\_\_\_

Special Provisions (escape and/or reversionary clauses, options to purchase, etc.) \_\_\_\_\_

**LAND INFORMATION** Land Size \_\_\_\_\_ Dimensions of Site \_\_\_\_\_

Legal Description (Optional) \_\_\_\_\_

Zoning \_\_\_\_\_ Grade of Site \_\_\_\_\_ Road Surface \_\_\_\_\_ Curb/Gutter ☐ Walks ☐ Street Lights ☐

Topography \_\_\_\_\_ Drainage \_\_\_\_\_ Water ☐ Sewers ☐ Gas ☐ Electric ☐ Well ☐ Septic ☐

**BUILDING INFORMATION** Building Size \_\_\_\_\_ Square Feet \_\_\_\_\_ Condition \_\_\_\_\_ Chronological Age \_\_\_\_\_

Construction \_\_\_\_\_ Levels \_\_\_\_\_ Restrooms \_\_\_\_\_

Slab/Crawl/Basement \_\_\_\_\_ Exterior Veneer \_\_\_\_\_ No. of Rooms \_\_\_\_\_

Interior Finish \_\_\_\_\_ Roof Cover \_\_\_\_\_ Heating \_\_\_\_\_

Floor Cover \_\_\_\_\_ Windows \_\_\_\_\_ Air Conditioning \_\_\_\_\_

Doors \_\_\_\_\_ Insulation \_\_\_\_\_ Built-ins \_\_\_\_\_

Other Features \_\_\_\_\_

Type of Parking Surface \_\_\_\_\_ Condition \_\_\_\_\_ Number of Spaces \_\_\_\_\_

COMMENTS:

APPRAISER'S NAME \_\_\_\_\_ Broker No. \_\_\_\_\_ Appraisal Lic. No. \_\_\_\_\_

(Type or Print)

COUNTY \_\_\_\_\_ TOWNSHIP \_\_\_\_\_ Type Property \_\_\_\_\_

PROJECT NO. \_\_\_\_\_ INSP. DATE \_\_\_\_\_ COMP. NO. \_\_\_\_\_

MD-25  
05

SALES OF COMPARABLE PROPERTIES  
**RESIDENTIAL IMPROVED LAND COMPARABLE**

PHOTO VIEW \_\_\_\_\_

SKETCH \_\_\_\_\_

Date Sold \_\_\_\_\_ Act. Price \_\_\_\_\_ Improvement Size \_\_\_\_\_ /Per Sq. Ft.  
Vendor \_\_\_\_\_ Vendee \_\_\_\_\_  
Property Address \_\_\_\_\_ City \_\_\_\_\_  
Legal Description \_\_\_\_\_ Document # \_\_\_\_\_  
Rec. Consideration \_\_\_\_\_ Sale info. Verified By \_\_\_\_\_ Date Ver. \_\_\_\_\_  
Financing \_\_\_\_\_ Zoning \_\_\_\_\_  
Condition of Sale \_\_\_\_\_ Highest & Best Use \_\_\_\_\_

MAIN IMPROVEMENT (Type)		OTHER IMPROVEMENT (Type)	
Condition _____	No. of Rooms _____	Construction _____	Size _____
Stories (Levels) _____	No. of Bedrooms _____	Age/Condition _____	Floor _____
Age _____	No. of Baths _____	Interior _____	Doors _____
Size (In S.F.) _____	Heating _____	<b>LAND IMPROVEMENTS</b>	
Slab/Crawl _____	Cooling _____	Drive _____	Fence _____
Ext. Construction _____	Fireplace _____	Walks _____	Well _____
Storm Windows _____	Built-ins _____	Trees _____	Septic _____
Basement (S.F.) _____	Porches _____	Shrubs _____	_____
Floor Cover _____	Wood Decks _____	Lawn _____	_____
Int. Walls _____	Swimming Pool _____	<b>LAND</b>	
Windows _____	Attached Garage _____	Dimensions/Size _____	
Insulation _____	_____	Topo./Drainage _____	
Closets _____	_____	Relation To Grade Cut <input type="checkbox"/> Fill <input type="checkbox"/> Even <input type="checkbox"/>	
Cabinets _____	Setback from R/W _____	Pavement Concrete Curb/Cut <input type="checkbox"/> Walks <input type="checkbox"/>	
_____		Water <input type="checkbox"/> Sewer <input type="checkbox"/> Gas <input type="checkbox"/>	

VALUE ABSTRACTION (Required) Buildings \_\_\_\_\_ Land Impr. \_\_\_\_\_ Land \_\_\_\_\_ (\$ \_\_\_\_\_ )  
COMMENTS \_\_\_\_\_

APPRAISER'S NAME \_\_\_\_\_ Broker No. \_\_\_\_\_ Appraisal Lic. No. \_\_\_\_\_  
(Type or Print)  
COUNTY \_\_\_\_\_ TOWNSHIP \_\_\_\_\_ Type Property \_\_\_\_\_  
PROJECT NO. \_\_\_\_\_ INSP. DATE \_\_\_\_\_ COMP. NO. \_\_\_\_\_

SALES OF COMPARABLE PROPERTIES  
**UNIMPROVED LAND COMPARABLE**

**PHOTO VIEW** \_\_\_\_\_

**SKETCH** \_\_\_\_\_

Date Sold \_\_\_\_\_ Act. Price \_\_\_\_\_ Improvement Size \_\_\_\_\_ /Per Sq. Ft.  
Vendor \_\_\_\_\_ Vendee \_\_\_\_\_  
Property Address \_\_\_\_\_ City \_\_\_\_\_  
Legal Description \_\_\_\_\_ Document # \_\_\_\_\_  
Rec. Consideration \_\_\_\_\_ Sale info. Verified By \_\_\_\_\_ Date Ver. \_\_\_\_\_  
Financing \_\_\_\_\_ Zoning \_\_\_\_\_  
Condition of Sale \_\_\_\_\_ Highest & Best Use \_\_\_\_\_

**DESCRIPTION of LAND**

Dimensions/Size \_\_\_\_\_  
Land Improvements Drives \_\_\_\_\_ Walks \_\_\_\_\_ Landscaping \_\_\_\_\_ Trees \_\_\_\_\_ Well \_\_\_\_\_  
Septic \_\_\_\_\_ Fence \_\_\_\_\_ Pond \_\_\_\_\_  
Available Services Road \_\_\_\_\_ City Water \_\_\_\_\_ City Sewer \_\_\_\_\_ Gas \_\_\_\_\_ Other \_\_\_\_\_  
Land Topography \_\_\_\_\_ Drainage \_\_\_\_\_ Quality of Soils \_\_\_\_\_

**COMMENTS**

APPRAISER'S NAME \_\_\_\_\_ Broker No. \_\_\_\_\_ Appraisal Lic. No. \_\_\_\_\_  
(Type or Print)  
COUNTY \_\_\_\_\_ TOWNSHIP \_\_\_\_\_ Type Property \_\_\_\_\_  
PROJECT NO. \_\_\_\_\_ INSP. DATE \_\_\_\_\_ COMP. NO. \_\_\_\_\_

MD-27  
05

SALES OF COMPARABLE PROPERTIES  
**COMMERCIAL IMPROVED LAND COMPARABLE**

**PHOTO VIEW** \_\_\_\_\_ **SKETCH** \_\_\_\_\_

Date Sold \_\_\_\_\_ Act. Price \_\_\_\_\_ Improvement Size \_\_\_\_\_ /Per Sq. Ft.  
Vendor \_\_\_\_\_ Vendee \_\_\_\_\_  
Property Address \_\_\_\_\_ City \_\_\_\_\_  
Legal Description \_\_\_\_\_ Document # \_\_\_\_\_  
Rec. Consideration \_\_\_\_\_ Sale info. Verified By \_\_\_\_\_ Date Ver. \_\_\_\_\_  
Financing \_\_\_\_\_ Zoning \_\_\_\_\_  
Condition of Sale \_\_\_\_\_ Highest & Best Use \_\_\_\_\_

MAIN IMPROVEMENT (Type)		OTHER IMPROVEMENT (Type)	
Condition _____	No. of Rooms _____	Construction _____	Size _____
Stories (Levels) _____	Restrooms _____	Age/Condition _____	Floor _____
Age _____	Heating _____	Interior _____	Doors _____
Size (In S.F.) _____	Air Conditioning _____	<b>LAND IMPROVEMENTS</b>	
Slab/Craw/Bmst.l _____	Storage _____	Drive _____	Condition _____
Ext. Construction _____	Insulation _____	Walks _____	Landscape _____
Int. Walls Finish _____	Roof Cover _____	Well _____	Septic _____
Windows _____	Built-ins _____	Fence _____	Parking Spaces _____
Floor Cover _____	_____	Tanks _____	_____
_____	_____	<b>LAND</b>	
_____	_____	Dimensions/Size _____	
_____	_____	Topography _____ Drainage _____	
_____	_____	Relation To Grade _____	
_____	_____	Pavement _____	Curb/Gut <input type="checkbox"/> Walks <input type="checkbox"/>
_____	_____	Water <input type="checkbox"/> Sewer <input type="checkbox"/> Gas <input type="checkbox"/> Electric <input type="checkbox"/>	
_____	Setback from R/W _____		

**VALUE ABSTRACTION (Optional)** Buildings \_\_\_\_\_ Land Impr. \_\_\_\_\_ Land \_\_\_\_\_ ( )

COMMENTS:

APPRAISER'S NAME \_\_\_\_\_ Broker No. \_\_\_\_\_ Appraisal Lic. No. \_\_\_\_\_  
(Type or Print)  
COUNTY \_\_\_\_\_ TOWNSHIP \_\_\_\_\_ Type Property \_\_\_\_\_  
PROJECT NO. \_\_\_\_\_ INSP. DATE \_\_\_\_\_ COMP. NO. \_\_\_\_\_

MD-28  
05

## SIGN COMPARABLE

PHOTO VIEW \_\_\_\_\_ Photo Date \_\_\_\_\_  
Amount of Land Lease \_\_\_\_\_ Term of Lease \_\_\_\_\_  
Remaining Period of Lease \_\_\_\_\_ Verified By \_\_\_\_\_  
Land Owner \_\_\_\_\_ Land Lease Date \_\_\_\_\_  
Address \_\_\_\_\_ Phone Number \_\_\_\_\_  
Sign Number \_\_\_\_\_ Location \_\_\_\_\_  
Legal Description \_\_\_\_\_  
Zoning \_\_\_\_\_ Type \_\_\_\_\_ Style \_\_\_\_\_  
Traffic Count \_\_\_\_\_ Per Day \_\_\_\_\_ Sign Length \_\_\_\_\_ Sign Height \_\_\_\_\_  
HAGL \_\_\_\_\_ Cutout Size Area \_\_\_\_\_  
Number of Posts \_\_\_\_\_ Post Size \_\_\_\_\_ Post Height \_\_\_\_\_ Post Material \_\_\_\_\_  
Illuminated \_\_\_\_\_ Power Run In/LF \_\_\_\_\_  
Sign Status \_\_\_\_\_ Date Erected \_\_\_\_\_  
Sign Owner \_\_\_\_\_  
Address \_\_\_\_\_ Phone Number \_\_\_\_\_  
Sign Leased to \_\_\_\_\_ Sign Leased Date \_\_\_\_\_  
Amount of Lease \_\_\_\_\_ Term of Lease \_\_\_\_\_ Verified by \_\_\_\_\_

COMMENTS:  
SKETCH

APPRAISER'S NAME \_\_\_\_\_ Broker No. \_\_\_\_\_ Appraisal Lic. No. \_\_\_\_\_  
(Type or Print)  
COUNTY \_\_\_\_\_ TOWNSHIP \_\_\_\_\_ Type Property \_\_\_\_\_  
PROJECT NO. \_\_\_\_\_ INSP. DATE \_\_\_\_\_ COMP. NO./SIGN COMP NO. \_\_\_\_\_

**APPRAISAL GUIDELINES**

The purpose of this section is to provide additional guidelines to address specific appraisal situations which have not been covered in previous Sections of the Manual.

**1. MEASURING SET-BACK**

- a. The set back for a residential structure that contains PER shall be measured from the edge of travel lane pavement to the closest point of Living Area. If the property does not contain PER measure the setback from the right-of-way line to the closest point of Living Area.
  - 1. Open porches and/or covered porches regardless of method of attachment to the associated structure are not considered living area.
  - 2. Porches which have been enclosed in such a manner as to make them usable on a year round basis are to be considered living area.

**2. DETERMINATION OF DAMAGES**

Appraising for eminent domain involves problems not usually encountered in other appraisal assignments. The purpose of an appraisal in these instances is to determine the damages suffered by the owners of interest in the property rights acquired by the acquiring Agency. The courts have recognized two methods of estimating damages in condemnation cases.

- a. The first method is to appraise the entire property immediately before the acquisition and then appraise the residue immediately after the acquisition. The difference between the two appraisals equals the total damages to the property.

- b. The second-method of measuring damages involves totaling the various types of damage cause by the acquisition. These types of damages are specified by Indiana Statute, IC 32-24-1-9, as follows:  
First – The fair market value of each parcel of property sought to be acquired and the value of each separate estate or interest in the property. And the value of each separate estate or interest therein;  
Second – The fair market value of all improvements pertaining to the property, if any, on the portion of the property to be acquired.  
Third – The damages, if any, to the residue of the property of the owner or owners caused by taking out the part sought to be acquired.  
Fourth – The other damages, if any, that will result to any persons from the construction of the improvements in the manner proposed by the plaintiff.

### 3. PROPOSED DESIGN CHANGES

It is the responsibility of both appraisers and reviewers to observe any project design feature which will cause a loss of value to the residue of a particular parcel. These features might be such items as location of driveways, reduction in the acquisition to alleviate set-back damages, drainage structures, etc. The following procedures are for INDOT appraisers. It is assumed that Local Public Agencies have an appropriate policy, as well.

- a. If in the appraiser's or reviewer's opinion, the loss in value could be reduced or eliminated by a change in design, it is their responsibility to personally contact the Squad Leader in the Division of Design and discuss the possibility of a design change.

The same procedure may be followed if a property owner requests a design change that will not seem to significantly impact the project but will be more acceptable to the property owner than the current design.

- b. If the person you contacted agrees that a design revision should be considered, prepare a proposed design change memorandum to verify the request. The memorandum must detail the points, discussed recommendations made by the appraiser and/or the reviewer, and the date of contact. See Exhibit #36.
- c. If the decision is that no change will be made, a memorandum to the project file shall be prepared. This memorandum must contain the same information as a memorandum requesting a change along with a statement that the request was denied. Place a copy in the parcel file for the Buying Sections reference.

- d. The memorandum is to be prepared and distributed as follows:

**Land Acquisition Design Change MEMORANDUM**

TO: Consultant (By Name)

FROM: Appraiser or Review Appraiser (By Name)

DATE:

RE: Project:  
Parcel:  
Code:  
Des #  
County:  
Owner:  
Road:

(Design Change Request)

The request was discussed with (consultant) and (name of INDOT Design Project Manager); INDOT Design Project Manager and verbal approval was given for the above change.

**If the foregoing request is approved, please forward a copy of the revised plan sheet to \_\_\_\_\_, Design Project Manager, Design Division, Room N642 for distribution via \_\_\_\_\_, Design Project Coordinator to \_\_\_\_\_, Manager, R/W Engineering Section, Land Acquisition Division, Room N955 and \_\_\_\_\_, Appraisal Section, Land Acquisition Division, Room N955, and on or before (within 2 weeks).**

cc: \_\_\_\_\_, Project Coordinator  
\_\_\_\_\_, R/W Engineering  
\_\_\_\_\_, Design Project Manager

Records  
Parcel

- e. Retain the parcel packet and continue the appraisal process as far as possible until the design issue is resolved. Ultimately, the Engineering Section will recall the parcel for the purpose of making the necessary change in the description, plat, etc.

#### 4. UNECONOMIC REMNANTS

- a. An uneconomic remnant is defined under 49 CFR 24.2 (a) (27) means “a parcel of real property in which the owner is left with an interest after the partial acquisition of the owner’s property and which the Agency has determined has little or no value or utility to the owner”.
- b. The phrase “little or no value or utility to the owner” is subject to interpretations. In some instances, the owner may have good reason to prefer to retain the remnant while in others; the owner may insist that the remainder is of little or no value.
- c. The Uniform Act requires an agency to offer to acquire all uneconomic remnants. The AGENCY is responsible for determining whether a remnant is uneconomic. The appraiser’s value conclusion on any remainder may therefore result in the establishment of an offering price should that remnant be determined to be uneconomic.
- d. In most cases, the decision with regard to acquiring excess land which is considered to be an uneconomic remnant to the owner, is determined by the by the Buying Section of INDOT. It is important that the appraiser perform a complete “before and after” appraisal of this type property so that the value of the whole can be easily established if it is later determined that the property should be acquired in its entirety.

#### 5. COST-TO-CURE ESTIMATES

The cost-to-cure is an acceptable method of estimating damages to land or improvements either in the R/W or on the residue.

The appraiser must state the reason(s) for concluding that a cost-to-cure payment is the most feasible method of measuring the damages. The cost-to-cure estimate must be equal to or less than the severance damage compensation that would result if the cost-to-cure method was not utilized. Typical items requiring cost-to-cure estimates are; fence relocations, relocating signs/billboards, septic systems, well relocations, gasoline storage tanks, pump islands, re-designing parking areas, re-designing structures, etc. The guidelines are to be followed when in need of cost-to-cure estimates.

- a. An estimate from and appropriate local contractor is the preferred source for all such estimates.

- b. Cost-to-cure estimates under \$5,000.00: while a written estimate is preferable, verbal estimates by a local provider of the necessary services are acceptable. The name, location and telephone number of the person who provided the estimate MUST be included in the appraisal for the purpose of verification. (Complex cost-to-cure issues like sign relocation, septic systems, parking replacement, etc. always require written estimates).
- c. Written estimates by a local provider must be provided when the cost-to-cure estimate is anticipated to be in excess of \$5,000.00
- d. If every effort to obtain an estimate from a local contractor has been exhausted, a recognized cost manual may be used. Documentation as to why the cost manual is being used along with reference to the cost manual with date, & page must be stated in the appraisal.
- e. Payment for written cost-to-cure estimates is allowable but there must be a clear understanding of what the fee will be prior to the estimate being made. A letter agreement stating the fee, due date, etc., must be obtained for all FEES in excess of \$100.00 and be approved by the Appraisal Manager. The following forms will need to be completed by the provider. They are available from the Appraisal Section Manager's Secretary.
  - (1) Letter Agreement for fees in excess of \$100.00. See Exhibit #26.
  - (2) W-9 form prior to or along with the first claim for payment. Additional W-9 forms will not be needed for future claims unless there is a change in Address, etc. See Exhibit #28.
  - (3) Claim vouchers for payment of fees, Note: It is imperative that the payee portion of the claim voucher "match" the name and address on the W-9 form. See Exhibit #29.

## 6. SEPTIC SYSTEMS AFFECTED BY THE ACQUISITION

When any portion of a septic system is in the right-of-way to be acquired, the appraiser must check with the Local Sanitation Department, the Local Board of Health, or other local officials to determine whether a permit may be issued for the re-installation. If current requirements require a system other than the system currently in use, the cost-to-cure estimate must include the cost to replace the system to meet local code requirements.

If the system cannot be replaced, due to code requirements, condition of the remaining soil, etc., the parcel may need to be changed to a total take. The appraiser must present the information to the review appraiser and the Appraisal Section manager or the LPA official for a decision as to a change in the acquisition.

7. APPRAISAL OF NON-RESIDENTIAL PROPERTY WITH AN OWNER OCCUPIED DWELLING:

This requirement is for the purpose of assisting the Relocation Section in computing supplemental housing payments to parcel owners. When appraising parcels having a non-residential highest and best use but having an owner occupied dwelling being taken in the R/W, the appraiser is required to include a valuation for the residential unit including the dwelling, a typical home site, all attendant buildings and land improvements. This valuation will be accomplished by developing a value for the residential unit as if it were a residential total take.

A description of the residential unit should be included if not already accomplished in the body of the report. The appraiser should make a concluding statement setting out the total estimated value of the residential unit. It will not be necessary to indicate this value estimate in any other part of the report.

8. TEMPORARY R/W – Temporary right-of-way reverts to the fee owner upon completion of the project OR upon completion of building removal. Temporary R/W is to be valued by a present-worth rental value for a three year period. A current rate of return based upon the economic conditions applicable to the area will be used.

Example: Using Discounted Cash Flow:

CF <sub>0</sub>	=	\$1.00	initial payment
CF <sub>j</sub>	=	\$1.00	annual rent
N <sub>j</sub>	=	2	two more payments
i	=	10%	use appropriate discount rate
NPV	=	???	solution to problem
NPV	=	\$2.74	calculated NPV

One exception to the above policy is R/W acquired for a temporary run-a-round on agricultural land. Since the land is rendered unusable for agriculture for a significant period of time due to compaction, it is the policy of the Department to compensate the fee owner 95% of the documented fee simple unit value for the land to be used in this manner.

9. PERPETUAL EASEMENTS – Fee title is maintained by the fee owner, however, the acquiring agency has the right to use the R/W for the intended purpose. (See Chapter VI p ) Compensation for these acquisitions is calculated at 95% of the fee simple value.

## 10. COMPENSATION FOR FENCING

In an effort to establish some basis for consistency for valuing agricultural type fencing and to ascertain that the property owner is duly compensated for the property being acquired, the following scenarios and solutions will be the policy of the Appraisal Section.

Assume: Limited access taking with no frontage road.  
Considerations: Type and condition of current fencing.  
Utility served by the existing fence.

### Policy:

- a. If the existing fencing is comparable or superior to the fence which will be erected in its place, pay a depreciated cost value for all fencing in the area of the acquisition.
- b. If the existing has deteriorated to the point of having little or no value, pay nothing for the fencing in the area of acquisition.
- c. If it is assumed that all cross fences will be left in place, pay a cost-to-cure for end sets, bearing in mind the "right hand rule", if there is not other indication of the ownership of fencing.

### RIGHT HAND RULE:

Indiana code IC 32-26-9-2 states Lands outside or abutting municipal boundary Sec. 2. (a) The owner of a property that: (1) is located outside; (2) abuts; or (3) is adjacent to; the boundary of the corporate limits of a town or city shall separate the owner's property from adjoining properties by a partition fence constructed upon the line dividing or separating the properties regardless of when the properties were divided. (b) Except as otherwise provided in this chapter, and if a division of the partition fence has not been made between the property owners for the building, repairing, or rebuilding of the partition fence:

For a partition fence built along a property line than runs from north to south: the owner whose property lies to the east of the fence shall build the north half of the fence; and the owner whose land lies to the west of the fence shall build the south half of the fence; and for a partition fence built along a property line that runs from east to west: the owner whose property lies north of the fence shall build the west half of the fence; and the owner whose property lies to the south of the fence shall build the east half of the fence. Notwithstanding subsection (b), if either property owner has constructed one-half (1/2) of a partition fence that is not the portion required under subsection (b) and has maintained that portion of the partition fence for a period of not less than five (5) years, the property owner may continue to maintain the portion of the fence.(d) If a property owner fails to build, rebuild, or repair a partition fence after receiving notice under this chapter, the township trustee of the township in which the property is located shall build, rebuild, or repair the fence as provided under this chapter. As added by P.L.2-2002, SEC.11.

- d. If the realignment of fields is necessary, pay a depreciated cost for end sets and fences which will be eliminated.

OR

- e. Pay a cost-to-cure for end sets and fences which will be relocated.

Assume:

Limited access taking with frontage road

OR

Non-controlled access tight-of-way taking.

Policy:

- a. Pay cost-to-cure for relocation of fences on the new right-of-way line plus end sets for all cross fences. Again, recognize "right hand rule" See definition in "C" above.

### INDUSTRIAL FENCING

- a. Pay a depreciated cost for the existing fence.

OR

- b. If a specialized type fence is required by the industrial operation, the Design Division should be contacted in an effort to have the farm field type fence replaced during construction with the type of fencing required. If this request is accomplished, it may still be appropriate to pay a token value for the existing fence since the owner will no longer have any control over the placement, Upkeep, etc.,

- c. Ornamental, Decorative or Super-adequate Fencing

Handle the same as Industrial Fencing.

- d. Fencing Temporary R/W to Contain Livestock. The Department's Standard Highway Specifications (1993), Section 107.13, Paragraph 400 states, "At locations involving temporary right-of-way where it is necessary to remove existing fence, unless otherwise directed, a temporary right-of-way. The fence shall be sufficient to prevent encroachment of livestock on the right-of-way".

## 11. LESSEE OWNED IMPROVEMENTS

At the time of the owner contact and/or property inspection it is the responsibility of the appraiser to determine ownership of the improvements. If any improvements are lessee owned, it will be necessary to determine:

- (1) Intent of the parties as to ownership of improvements made by the lessee.
- (2) Terms of the lease, if any, concerning improvements made by the lessee.
- (3) The method in which the improvements are affixed to the property.

Depending on the particular lessee owned improvement and 1, 2, & 3 above, it will be necessary to determine if the improvement is personal property or real estate. If the improvement is determined to be real estate, it should be appraised, and a separate value broken out in the appraisal report. If the improvement is personal property, it should not be included in the appraised value, but should be identified in the appraisal as personal property.

It may be necessary to obtain an appraisal prepared by a specialist for items not typically considered real estate. If this is the case, refer to Chapter II.

In appraising properties with tenant owned improvements, the appraiser must appraise the total property to determine its maximum selling price if offered on the open market. The appraiser must then determine the amount of the total value which is payable to the tenant owner for buildings, structures, or other improvements owned may be entitled. Such amount will be the contributory value of the tenant improvements or their removal value, whichever is greater, plus the present worth of the difference between the contract rent and the economic rent of the leased property.

When it is not easily determined whether the improvement is real estate or personal property, it shall be the responsibility of the appraiser to discuss the situation with the review appraiser. If the situation cannot be resolved at this discussion, the review appraiser shall contact the Project Coordinator and the Manager, Appraisal Section for a decision on the particular issue.

## 12. PRESENTLY EXISTING RIGHT-OF-WAY (“PER”)

In some instances, right-of-way acquisitions by the acquiring agency were not recorded. In an effort to correct this situation, some parcels may include a break-out of the area of Existing right-of-way to be acquired by Warranty Deed as follows:

- a. Area under the pavement.
- b. Area of apparent existing right-of-way.
- c. Area of additional right-of-way to be acquired.

The following policy has been established by INDOT to determine Just Compensation for acquiring presently existing right-of-way:

- a. A nominal amount of \$1.00 will be awarded for the entire area under the pavement.
- b. The fair market value for the new right-of-way to be acquired will be established by standard appraisal procedures.
- c. The value of the apparent/existing right-of-way calculated at 100% of the value of the adjacent new right-of-way.
- d. Land improvements in the existing right-of-way will be appraised on the basis of their contributory value to the subject property or a cost-to-cure estimate as appropriate.

It is acknowledged that extenuating circumstances MAY in some instances seem to nullify this approach to value. If such is the case, the matter should be resolved by consultation with the Review Appraiser for the project and the Appraiser Section Manager. It is important, however, that all values be established on any given project in a consistent manner.

## 13. IMPROVEMENTS IN EXISTING RIGHT-OF-WAY (NON-“PER”)

It is INDOT's policy to award no compensation for improvements which are encroaching on existing right-of-way. If extenuating circumstances indicate that compensation should be awarded for such improvements approval must be obtained from the Appraisal Section Manager or the approving authority of the acquiring agency. PRIOR approval must be obtained from FHWA for federal participation in that portion of the acquisition. Consistency must be maintained on a project basis.

#### 14. CHANGE IN OWNERSHIP

When there is a change in ownership on an assigned parcel, the following procedure is to be followed:

- a. Complete the name change notice in DUPLICATE and insert one copy in the parcel packet. See Exhibit #37.
- b. Send one copy of the name change notice to the Abstracting & Records Section for computer entry.
- c. Mark out the original fee owner(s) name on the parcel packet and add the new fee owner(s) name.
- d. If there is NO CHANGE in the acquisition this is all that needs to be done. DO NOT send the parcel to the Engineering Section.
- e. If there IS A CHANGE in the acquisition due to a partial sell-off, design changes, etc., follow the normal procedure for submitting the parcel to the Engineering Section for the necessary change in the description, etc.

#### 15. APPRAISALS RETURNED FOR REVISIONS

- a. It is the responsibility of the review appraiser to return for revision any appraisal that does not meet the minimum standards set out in the "Appraisal manual" or that is not made according to accepted professional appraisal practice. See Chapter V.
- b. All appraisals returned will be accompanied by an "Appraisal Evaluation Sheet" setting out the reasons why the appraisal is considered unacceptable for review.

**NOTICE  
LAND ACQUISITION NAME CHANGE**

Project \_\_\_\_\_  
Parcel \_\_\_\_\_  
LA Code \_\_\_\_\_  
Former Name \_\_\_\_\_  
\_\_\_\_\_

Subject is now being purchased by Contract Purchase, in the name of:

Name \_\_\_\_\_  
Address \_\_\_\_\_

Subject property has been sold, and is now titled in the name of:

Name \_\_\_\_\_  
Address \_\_\_\_\_

Deed Date \_\_\_\_\_  
Recording Date \_\_\_\_\_  
Inst. # or Book & Page \_\_\_\_\_  
New Mortgage? \_\_\_\_\_

Subject property owner has name change due to merger or name change:

Name \_\_\_\_\_  
Recorded? \_\_\_\_\_ Inst. # or Book &  
Secretary of \_\_\_\_\_  
State? \_\_\_\_\_  
Page \_\_\_\_\_

Remarks: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Originator, Section  
\_\_\_\_\_  
Date

- c. It is the responsibility of the appraiser to make whatever changes are necessary to make the appraisal report acceptable for review.
- d. Except in special situations the following basic steps will be followed.
  - (1) The appraiser will receive the parcel packet including all copies of the appraisal and one "Appraisal Evaluation Sheet" setting out the reviewer's reasons for returning same.
  - (2) The appraiser will consider all points raised by the reviewer and check closely against the appropriate standards and practices as well as the contents of the report.
  - (3) When possible, the appraiser should consult with the review appraiser to discuss both the points raised and the appropriate corrective action.
  - (4) An "Appraisal Supplement" sheet will be attached to the front of the corrected or revised appraisal report setting out the appraiser's answers to all points raised on the "Appraisal Evaluation Sheet" that are not remedied in the body of the revised appraisal report. This sheet must be identified as to project, parcel number, county, code, owner, and must be signed and dated by the appraiser.
  - (5) The appraiser will make the necessary changes on all points requiring revisions or corrections to the body of the appraisal report. Minor corrections or additions may be made either in type or in pen (as neatly as possible).

Major corrections or changes will require re-typing.

The original of the revised pages will replace the corresponding page of the appraisal report.

The ORIGINAL revised pages will later be routed to the Operations office for insertion in the Records file.
  - (6) If figures in the summary section of the front page (CF-3) are changed, the page must be re-typed and signed by the appraiser using the current date. The effective date of the appraisal remains unchanged.
- e. Except for references to parcel packets, the above will apply also to Comparable Dockets.

## 16. ADVERTISING SIGNS & BILLBOARDS

All signs in the right-of-way must be described, photographed and appraised.

Sign ownership is the determining factor as to how the appraisal is to be handled. Since sign leases are seldom recorded, this issue may not be determined until the property owner has been contacted. It is at this point that the appraiser must inquire as to the ownership of the sign and then proceed as indicated below. It is important that the following definitions be fully understood in order to properly appraise signs.

### On Premise Signs

An on premise sign is one that is owned by the fee owner of the property or one that is owned by a tenant who leases the property from the fee owner and operates a business on the site.

A sign owned by the fee simple owner of the land is appraised along with the appraisal of the property and does not require a separate parcel packet. A sign owned by a tenant or lessee who operates a business on the site requires a separate statement of just compensation for each tenant or lessee.

### Off Premise Signs

An off premise sign is one owned by a company or individual who leases only the sign site for advertising purposes, thus creating a Leasehold interest.

The Leasehold interests and signs are appraised separately from the fee ownership and require a separate appraisal. The parcel number is the same as the number for the fee owners parcel, followed by SA, SB, SC., consecutively.

### Parcel Packets

Separate parcel packets needed for signs may not have been prepared prior to the project being sent to the Appraisal Section. The appraiser who was assigned the appraisal of the land to be acquired must request that the Operations Office Secretary prepare a parcel packet and enter the information on the data base for the sing(s).

## Cost to Cure Estimates

When possible, the compensation to the sign owner should be an estimate to move the sign on the residual property or other nearby location. To be eligible for moving, the sign must be legal and in conformance with local zoning. The proposed new location must also be equal to the current site for advertising purposes. A cost to move the sign or billboard must be obtained from a local sign company and included within the appraisal report. (See page 81) If relocation of the sign is possible, but the cost-to-cure exceeds the value of the sign, the sign must be appraised and purchased.

## Appraising Signs for Purchase

Advertising signs are currently being acquired as real property in the State of Indiana. To be acquired, the sign must be legal and may be either conforming or non-conforming (grandfathered) with local zoning. The sign owner must have a ground lease, either written, verbal or "handshake" which establishes the Leasehold interest.

Small and/or non-standard painted bulletin signs, especially those owned by the advertiser are to be acquired utilizing the cost approach to value.

When the sign owner is not the advertiser and the sign owner rents advertising space to the advertiser, the leasehold and the structures (signs) on the leasehold must be treated as income property, and all three approaches to value must be used. If the sign owner is other than the fee holder, the sign parcel must be returned to the Engineering Section for the preparation of a Leasehold Release (Quit Claim Deed). Completion of the appraisal should proceed while this work is being accomplished by the Engineering Section.

## Temporary Right-of-way for Sign Removal

If it is determined that INDOT must purchase a sign or billboard, temporary right-of-way may be needed for the removal of the sign structure during construction. Temporary Right-of-Way for Sign Removal continued:

Right-of-way will be required if a portion of the sign over-hangs the new right of way, even though the sign base is outside of the new right-of-way line. If the structure is totally within the new right-of-way, no temporary right-of-way is needed.

If the fee owners' parcel does not indicate the taking of temporary right-of-way for this purpose, the parcel must be returned to the Engineering Section for the addition of temporary right-of-way and compensation for the temporary right-of-way will need to be included in the appraisal. Every effort should be made to proceed with the appraisal process while the necessary plan revision is accomplished.

## 17. CONTAMINATED PROPERTIES

- a. All properties must be inspected with the possibility in mind that the soil may be contaminated by toxic/hazardous waste. Such contaminants may be petroleum products, battery waste, building material containing asbestos, chemicals, some paints and their residues and various other materials.

- (1) Any area of land which is oozing anything other than water, is unusually bare of live vegetation or is sunken in appearance should raise some question as to the possibility of contaminated soil.
  - (2) Additional investigation should be done on any property on which there are known underground storage tanks or if there ever have been underground storage tanks on the property. The current or prior use of the property will be helpful in making determination.

- b. When your inspection discloses any of the above, CHECK THE PROJECT FILE in the Appraisal Section as well as the RECORDS FILES to determine if there has been an Initial Site Assessment or a Site Investigation performed on the project.

If there is no information in either of these files, check with the Project Coordinator to find out if, in fact, the environmental concerns have been addressed.

- c. If there has been no Site Investigation, or if the Investigation did not include an estimate for remediation, the Project Coordinator must order an additional environmental study to provide the information needed to proceed with the appraisal of the property. The environmental assessment will be accomplished by a consultant either thru the Environmental Assessment Section of INDOT or by a consultant hired directly by the Division of Land Acquisition.

The completion of the appraisal must be deferred pending the completion of the necessary site assessment to assure that a proper value analysis will be made in establishing the fair market value of the property.

- d. If it has been determined that contamination does exist the Project Coordinator of the Appraisal Section Manager must assist in determining to what extent the property is contaminated and whether the acquisition is to proceed.

If it is determined that the appraisal of the parcel is to proceed, the appraisal may be completed in one of the following ways.

- (1) An adjustment may be made on the Market Grid to reflect damages to the property due to the contamination.
  - (2) The property may be appraised as if “clean” and the property owner will be required to perform the clean up prior to acquisition. This option will cause considerable delay in the progress of the project and must be made after consultation with Supervision.
- e. Extreme care should be taken to identify the environmental concerns within the appraisal report and to as certain that subsequent parties involved with the parcel will be aware of either known contamination or the potential for contamination.
  - (1) The review appraiser should note on the review Form REV-27 any indication of contamination not only in the R/W needed but also any other part of the subject or nearby property.
- f. If there has been no Preliminary Site Investigation or a Site Assessment, and it appears that the property has or has had underground storage tanks on the premises, the appraiser may want to check with the following organizations to determine if the site has been identified as a hazardous waste site:

Department of Environmental Management  
The Local Health Office/Board of Health  
The Local Fire Department (for any incidents which may have involved a hazardous waste or spill situation)

If all these sources reveal no knowledge of a hazardous waste situation, the Appraiser then will be considered to have performed a reasonable effort to confirm the existence, or non-existence, of a hazardous waste situation.



**APPRAISAL REVIEW GUIDELINES**

1. **PURPOSE**

The purpose of the appraisal review is to confirm that the appraisal contains all of the necessary data properly applied and presented to support an estimate of fair market value and from this estimate, to recommend the amount of Just Compensation to be offered to the property owner. This responsibility was established by Federal Register 49 CFR PART 24, January 4, 2005.

- a. The review appraiser is responsible for appraisal quality, value determinations, consistency, and establishing the amount believed to be just compensation for each parcel on the assigned project.
- b. The reviewer must be constantly aware of the production schedule for completion of the appraisal process and strive to complete the review process to meet the established schedule. Bear in mind that FAILURE TO COMPLETE AN ASSIGNMENT ON SCHEDULE DELAYS THE ACQUISITION OF THE PROPERTY AND HAS A SIGNIFICANT IMPACT ON INDOT'S CONSTRUCTION SCHEDULE.

The review appraiser must be qualified and competent to perform the appraisal review assignment. The review appraiser should possess both appraisal technical abilities and the ability to be the two-way bridge between the agency's real property valuation needs and the appraiser.

The review appraisers are often involved in early projects development. Later they may be involved in devising the scope of work statements and participate in making appraisal assignments to fee and/or staff appraiser. The review appraisers are also mentors and technical advisors on agency policy and requirements, to appraisers, both staff and fee. Additionally, review appraisers are frequently technical advisors to other agencies.

The review appraiser is to review the appraiser's presentation and analysis of market information and that it is to be reviewed against 49 CFR Part 24: Section 24.103 and other applicable requirements, including, to the extent appropriate, the Uniform Appraisal Standards for Federal Land Acquisition. The appraisal review is to be a technical review by an appropriately qualified review appraiser. The qualifications of the review appraiser and the level of explanation of the basis for the review appraiser's recommended (or approved) value depend on the complexity of the appraisal problem. If the initial appraisal submitted for review is not acceptable, the review appraiser is to communicate and work with the appraiser to the greatest extent possible to facilitate the appraiser's development of an acceptable appraisal.

In doing this, the review appraiser is to remain in an advisory role, not directing the appraisal, and retaining objectivity and options for the appraisal review itself.

INDOT intends the fee/staff review appraiser approve the appraisal (as the basis for the establishment of the amount believed to be just compensation) or establish the amount that INDOT believes is just compensation.

### **Review Appraiser**

#### **Responsibilities**

It is the Review Appraiser's responsibility to develop and include a Scope of Review with all appraisal review reports.

It is the Approval Designee's responsibility to develop and include a Scope of Approval Process for all Waiver Valuations.

1. Examine analysis and presentation of data.
2. Assure all appraisals requirements are met.
3. Meets definition of appraisals.

The review Appraiser has three options.

1. The appraisal is recommended.
2. The appraisal is accepted as complying with all requirements.
3. The appraisal is not accepted. The review appraiser must include reasoning why the appraisal is not accepted.

The review appraiser is authorized to do one or both.

1. Approve the appraisal.
2. Determine just compensation amount.

During the review process the review appraiser will consult with appraisers to clarify conclusions. The review appraiser may need to prepare an independent valuation that meets Federal Register 24.103 requirements.

The review appraiser will prepare a written report on results of review.

The review appraiser may also be an in-house consultant on appraisals.

- c. The review appraiser's responsibilities may be broken down into three general headings:

- Project Supervision

- The Review Process

- Fulfilling Administrative Requirements

- d. The ultimate responsibility of the Review appraiser is to establish just compensation for the property to be acquired. Every appraisal must be reviewed and approved for negotiation before an offer may be made to the property owner. Appraisals prepared and reviewed by fee appraisers and reviewers must also be approved for negotiations by an LPA official or an INDOT, Division of Land Acquisition employee.

49 CFR Part 24: Section 24.103 (b) Influence of the project on just compensation. As used in this section, the term "project" means an undertaking which is planned, designed, and intended to operate as a unit. When the public is aware of the proposed project, project area property values may be affected. Therefore, property owners should not be penalized because of a decrease in value caused by the proposed project nor reap a windfall at public expense because of increased value created by the proposed project.

Public Law 91-646 states "Any decrease or increase in the fair market value of real property prior to the date of valuation caused by the public improvement for which said property is acquired or by the likelihood that the property would be acquired for such improvement, other than that due to physical deterioration within the reasonable control of the owner will be disregarded in determining the compensation for the property,"

- e. Bear in mind that The Uniform Standards of Professional Appraisal Practices, Standard Rule 3, states "To avoid confusion between these activities, a reviewer performing an appraisal review must not sign the work under review unless he or she intends to accept the responsibility of a cosigner of that work."

- f. The appraisal review procedure is a critical step in maintaining the integrity of the appraisal process. The appraisal review gives additional credence and reinforcement to the appraiser's conclusions. The review process maintains quality performance for both staff and fee appraisers. The review process assures that consistency in values is maintained on any given project. Review appraisers act as technical advisers to management and to appraisers. The review appraiser must remain reasonably autonomous and not be subject to undue influence of "directed values". It is essential that the review appraiser not have any personal or business relationships or other interests where conflict of interest issues could arise.

## 2. PROJECT SUPERVISION

When a project is assigned to the Review Appraiser, the following items will be provided:

- a. A copy of the completed Appraisal Problem/Fee Estimate Sheet for each parcel on the project. (If one has been prepared by someone other than the Review Appraiser);
- b. One set of plans for the project. (Additional sets of plans will be provided if needed.);
- c. A copy of available Environmental studies which may have been completed for the project;
- d. All available information relevant to the project;
- e. A copy of the appraiser(s) assignment sheet for each parcel.

The Review Appraiser should meet with each staff and fee appraiser assigned to the project and Review the plans to determine if there are any apparent problems which may have previously been overlooked. An "on site" inspection of the project is preferable. At this time, an attempt should be made to resolve any differences of opinion between the appraisal problem to be addressed and the type of report to be prepared.

The review appraiser must become familiar with comparable sales in the area. The information gleaned from comparable sales and first hand knowledge of the real estate market is basic requirement for a review appraiser. The review appraiser may find it necessary to meet with some or all of the following persons in the area to establish knowledge of the market and/or to obtain information that is necessary to verify the value of the parcels to be appraised.

Local Real Estate Brokers  
Area Planning Offices  
Real Estate Lending Agencies  
Farm Credit Service  
Zoning Board

Local Contractors: builders – well drillers – septic system contractors – fence builders – sign companies, etc.

As project supervisor, the reviewer shall be prepared to answer questions regarding policy and procedures and lacking the proper answers, shall seek the correct information from the proper source.

When a question arises involving a possible design change, either the appraiser or the review appraiser assigned to review the project shall contact the squad leader in the Design Division to discuss the proposed change, See Chapter IV.

The review appraiser monitors the progress of appraisers on the project(s) and notifies Supervision of problems with either staff or fee appraisers.

When the appraisal problem indicates that a second appraisal may be required for a parcel, the reviewer must notify the Project Coordinator or Supervision as early as possible so that the second appraisal assignment may be made. See **Page Chapter ?**

While the reviewer may discuss the comparable sales and other market data with the appraisers on the project, the reviewer MAY NOT direct the appraiser as to values on any parcel.

### 3. REVIEW PROCESS

Upon receipt of the completed parcels from the staff or fee appraiser, the reviewer must check to ascertain that the proper numbers of copies of the appraisal report are included in the packet. All copies of the Deed or Grant, Title and Encumbrance Report or Title Insurance policy and at least one copy of the engineering plat must be in the packet. If the parcel packet is incomplete, it should be returned to the appraiser for correction. See **Page 2. Chapter 2?** for the required numbers of copies.

Performance Standard: Reviewed parcels are to be sent to Buying within 30 days of receiving from the appraiser.

### Reviewer's Milestones

1. Complete Scope of Work, Appraisal Problem and Fee Estimate Sheet (assigned date).
2. Send out "intent to acquire" letters to all parcel owners (assigned date).
3. Send out "do not disturb" letters and early design change letters; following Land Acquisition procedures (email) (assigned date).
4. Executed Contract and "Notice to proceed" sent to Appraiser.
5. First appraisal completed begins continuous flow of parcels. Assign flow amount based on the reviewer's schedule (assigned date).
6. All corrections and updates completed and received.
7. All parcels completed (contract due date).

#### a. **Fee Appraiser Submittals**

When a review appraiser receives a group of appraisals from a fee appraiser with a Claim Voucher attached. They are to ascertain that all appraisals for which payment have been claimed have been submitted and that the receipt of same has been entered on the data base. The date received is important since the fee appraiser is subject to a penalty for late receipt as well as an incentive payment if the appraisals are completed prior to the due date in the contract.

A preliminary review of the appraisals should be made to determine if it appears that the appraisals meet the minimum standards required by the Appraisal Section. The Claim Voucher is then initialed and signed in the appropriate space and forwarded along with all necessary attachments to Supervision for processing. Before the check for the appraisal fee is released to the fee appraiser. Supervision will verify that the appraisals were acceptable or that any necessary revisions are being made by the fee appraiser. If the Review Appraiser has any problem with the acceptability of the fee appraisers' work, Supervision should be informed immediately. In this event, the payment for the appraisal services will be held until the appraisals are corrected to the satisfaction of the Review Appraiser and/or Supervision.

#### 4. GENERAL PROCEDURES

The review process differs basically from the appraisal process, in that it is primarily a check in procedure and critical investigation of the appraisal report. **It is imperative that the appraisal be of satisfactory quality when received for review in order that the review process not become one of re-appraisal.**

Minor corrections should be made in the review process.

Unacceptable appraisals are to be returned to the appraiser for corrections and/or revisions before the review may be completed. Five basic questions always apply during the appraisal review. They are as follows:

- a. Was the appraisal problem adequately addressed?
- b. Is it the appraiser's opinion adequately supported and is the reasoning logically explained?
- c. Are all portions of the appraisal complete?
- d. Does the appraisal report meet the requirements of the Appraisal Manual as reflecting all state and federal requirements, including the appropriate Uniform Standards of Professional Appraisal Practices?
- e. Does the data on the comparable sales submitted by the appraiser appear to be reliable? If there is reason to believe that the sales information may not have been acceptably verified or if there is a discrepancy in the available information, the comparable sales information should be re-verified by the review appraiser.

#### 5. APPRAISAL EVALUATION SHEET (REV-28)

The appraisal evaluation sheet must be completed for Short Form and Long Form appraisal reports.

This form is to be used as a work sheet and is to be filled out as the appraisal is reviewed. Each item should be checked as acceptable, not acceptable or not applicable. If any item is checked as not acceptable, an explanation must be included in the comments along with the reference to the appropriate appraisal guidelines or other applicable appraisal principle

The reviewer may supplement an appraisal report with corrections of minor mathematical errors that do not affect the final value conclusion, misspellings, and typographical errors. Corrections may also be made when the following factual data has been omitted:

- a. Project and/or parcel number;
- b. Owner's and/or tenant's names;
- c. Parties to transaction, date of purchase, and document number on the sales of subject property and comparables;
- d. Statement that there were no sales of the subject property in the past 5 (five) years;
- e. Location, zoning, or present use of subject property or comparables;
- f. Page numbering.

The reviewer must initial and date each of the corrections and/or factual data supplements to the appraisal report.

Form REV-28 is on the following page.

# APPRAISAL EVALUATION SHEET

LA Code: \_\_\_\_\_

Appraiser \_\_\_\_\_ Fee ☐ Staff ☐

Project \_\_\_\_\_ Parcel \_\_\_\_\_ County \_\_\_\_\_ Owner \_\_\_\_\_

Type Take: Partial ☐ Total ☐ Access Rights ☐ Form: Short ☐ Long ☐ Narr. ☐  
 LEGEND: Acceptable (X) Not Acceptable-See Comments (N) Not Applicable (-)

Project and Parcel Number	<input type="checkbox"/>	COST APPROACH	<input type="checkbox"/>	Comparable															
Location-Address	<input type="checkbox"/>	Land Compared To Sales	<input type="checkbox"/>	Sales Used															
Owner and Address	<input type="checkbox"/>	Land Adj.'s Explained	<input type="checkbox"/>	Comp No.															
Contract Buyer-Tenant	<input type="checkbox"/>	Impr. Costs & Source	<input type="checkbox"/>																
Summary of Values	<input type="checkbox"/>	Depreciation Explained	<input type="checkbox"/>																
Effective Date/Signature	<input type="checkbox"/>	Pertinent Calculations	<input type="checkbox"/>																
Certification	<input type="checkbox"/>	MARKET APPROACH	<input type="checkbox"/>	Before															
Purpose of Appraisal	<input type="checkbox"/>	Direct Comp. To Sales	<input type="checkbox"/>	After															
Areas and Rights Acquired	<input type="checkbox"/>	Adjustments Explained	<input type="checkbox"/>	Sev. Study															
5 Year Sales Record	<input type="checkbox"/>	Reasonable Correlation	<input type="checkbox"/>	Comp. Accept.															
Area & Neighborhood Influence	<input type="checkbox"/>	Pertinent Calculations	<input type="checkbox"/>	Photo															
Table of Contents Complete	<input type="checkbox"/>	INCOME APPROACH	<input type="checkbox"/>	Sketch															
Appraiser's Sketch	<input type="checkbox"/>	Income Explained	<input type="checkbox"/>	Date Sold															
Engineering Land Plat	<input type="checkbox"/>	Expenses	<input type="checkbox"/>	Sale Price															
Insp.-Owner Contact	<input type="checkbox"/>	Capitalization Technique	<input type="checkbox"/>	Size															
Effective Date=Inspect. Date	<input type="checkbox"/>	Pertinent Calculations	<input type="checkbox"/>	Vendor															
Legal Description	<input type="checkbox"/>	FINAL CORRELATION	<input type="checkbox"/>	Vendee															
Zoning-Deed Restrictions	<input type="checkbox"/>	Each Estimate Shown	<input type="checkbox"/>	Addr. & Loc.															
Description of Property	<input type="checkbox"/>	Reasonable Explanation	<input type="checkbox"/>	Deed Number															
Location	<input type="checkbox"/>	Value Estimate Reasonable	<input type="checkbox"/>	Verified															
Type and Areas	<input type="checkbox"/>	Description Of Part Taken	<input type="checkbox"/>	Financing															
Type of Improvements	<input type="checkbox"/>	Temp. and Prov. R/W	<input type="checkbox"/>	Zoning															
Size of Improvements	<input type="checkbox"/>	COST-TO-CURE	<input type="checkbox"/>	Cond. Of Sale															
Condition of Improvements	<input type="checkbox"/>	Special Benefits	<input type="checkbox"/>	H&B Use															
Other	<input type="checkbox"/>	Compensation Breakdown	<input type="checkbox"/>	Prop. Desc.															
Present Use	<input type="checkbox"/>	Pages Numbered	<input type="checkbox"/>	On. Loc. Map															
Highest and Best Use	<input type="checkbox"/>	Photographs	<input type="checkbox"/>	Analysis															
Valuation Procedure	<input type="checkbox"/>		<input type="checkbox"/>	Comparability															

NOTE: If the comparable has previously been reviewed and considered acceptable for another parcel, only the Comp. Accept needs to be marked.

COMMENTS: (Continue on attached sheet if necessary)

I have examined the appraisal report on the subject parcel and project relative to State and Federal appraisal requirements and have found it to be:

- ☐ 1-unacceptable for review; see reasons set out above and make appropriate revisions  
☐ 2-acceptable for review and is recommended as the basis for the establishment of the amount believed to be just compensation

Reviewer Signature \_\_\_\_\_ Date \_\_\_\_\_  
 Name Printed: \_\_\_\_\_

## 6. NOT ACCEPTED APPRAISAL REPORTS

Every effort must be made to AVOID NOT ACCEPTING of an appraisal report. Please reference the above Section for items that the reviewer has the authority to change if necessary.

The review appraiser MAY NOT REQUIRE the appraiser to change the report.

The review appraiser MAY NOT DICTATE THE VALUE to be place on an appraisal.

If the appraiser feels strongly about an element of the appraisal questioned by the review appraiser, and the two individuals cannot agree on a change, the review appraiser may revise the report.

The review appraiser then becomes the appraiser and is solely responsible for the value conclusions. SIGNIFICANT CHANGES IN VALUE BY THE REVIEW APPRAISER MUST BE SUPPORTED WITH THE SAME LEVEL OF DOCUMENTATION THAT WOULD BE REQUIRED IF THE REVIEWER WERE WRITING THE APPRAISAL REPORT.

When the review appraiser considers the appraisal report to be unacceptable for review, the original form REV-28 and all copies of the appraisal must be transmitted along with the parcel file to the supervision for recording before being returned to the appraiser for the necessary revisions.

## 7. CERTIFICATE OF REVIEW APPRAISER AND CONCLUSION OF FAIR MARKET VALUE REV-27

The certificate of Review Appraiser and Conclusion of Fair Market Value must be completed on every reviewed appraisal. Most of the blanks on this form are considered to be self explanatory. The DATE OF VALUATION on the first page of the Appraisal Report (CF-3) should be established as follows:

- a. WHEN THE REVIEWER HAS NOT CHANGED THE VALUE ESTABLISHED BY THE APPRAISAL, this date should be the date of the correlated value as established by the approved appraisal.
- b. WHEN THE REVIEWER HAS AMENDED THE VALUE OF THE APPRAISAL USING NEW DATA, The date should be the date the review appraiser last inspected the property.

Form REV-27 is on the following page.

**CERTIFICATE OF REVIEW APPRAISER  
AND CONCLUSION OF FAIR MARKET VALUE**

LA CODE: \_\_\_\_\_  
PARCEL: \_\_\_\_\_

Project: \_\_\_\_\_ Road: \_\_\_\_\_ County: \_\_\_\_\_ Owner: \_\_\_\_\_

	1 <sup>ST</sup> APPRAISAL	2 <sup>ND</sup> APPRAISAL	3 <sup>RD</sup> APPRAISAL	4 <sup>TH</sup> APPRAISAL	REVIEWER'S VALUE IF DIFFERENT FROM APPRAISAL
APPRAISER					
FEE (F), STAFF (S), OWNER (O)					
DATE OF APPRAISAL					
BEFORE VALUE					
AFTER VALUE					
DIFFERENCE					
LAND &/OR LAND IMPROVEMENTS					
BUILDING IMPROVEMENTS					
LOSS IN VALUE TO REMAINDER					
ESTIMATED COMPENSATION (DUE PROPERTY OWNER)					
IF APPROVED AS IS, ENTER (X)					

REVIEWERS COMMENTS AND/OR CORRELATION (Also see attached sheets):

I certify that, to the best of my knowledge and belief:

That I have made a personal inspection of the subject property of the work under review.

That I have made a personal inspection of the comparable sales utilized for the subject property of the work under review.

That I have no present or prospective interest in the property that is the subject of work under review and no personal interest with respect to the parties involved.

That the analyses, opinions, and conclusions in this review report are limited only by the assumptions and limiting conditions stated in this review report and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

This appraisal assignment may have called for less than would otherwise be required by the specific guidelines of the Uniform Standards of Professional Appraisal Practices (USPAP), but is not so limited in scope that it may tend to mislead the users of the report, or the public.

That I have no bias with respect to the property that is the subject of the work under review or to the parties involved with this assignment.

That my engagement in this assignment was not contingent upon developing or reporting predetermined results.

That my compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in this review or from its use.

That my estimate of fair market value has been reached independently, based on factual data without collaboration or direction from others.

That the facts and data reported by the reviewer and used in the review process are true and correct.

That items compensable under state law but not eligible for federal reimbursement, if any, are set out in this Review.

That I understand that the value estimate may be used in connection with a Federal-Aid highway project.

That no one provided significant appraisal, appraisal review, or appraisal consulting assistance to the person signing below.

That my opinion of the fair market value of the part taken, plus loss in value to the remainder (if any), as of \_\_\_\_\_  
is \$ \_\_\_\_\_

Signature \_\_\_\_\_

Name Printed: \_\_\_\_\_

Indiana Certified General

Appraiser

Indiana Broker Number \_\_\_\_\_

Date \_\_\_\_\_

APPROVED APPRAISAL AMOUNT FOR \_\_\_\_\_ REQUIRED R/W \_\_\_\_\_  
(area size)

APPROVED APPRAISAL AMOUNT FOR \_\_\_\_\_ EXCESS LAND \_\_\_\_\_  
(area size)

Potentially hazardous materials: Present \_\_\_\_\_ Possible \_\_\_\_\_ Nothing Indicated \_\_\_\_\_

IF PRESENT, WHAT TYPE AND WHERE LOCATED: \_\_\_\_\_

- c. IF THE REVIEWER HAS AMENDED THE VALUE UTILIZING DATA WHICH WAS GATHERED BY THE APPRAISER WITHIN THE APPRAISAL REPORT, the reviewer shall utilize the final correlated date in the appraisal report.
- d. WHEN UPDATING A REPORT FOR CONDEMNATION this date must be the date of take as established by the court.

## 8. EXCESS LAND BREAK-OUT

The review appraiser is to break out the area of any excess land taken and its value in the spaces provided. The excess land is the after value as if it remained as a severed residue tract. Although the excess land may now be an uneconomic remnant, the owner may wish to retain it. In this event, the value is readily available.

Example:

Total acquisition	10 acres	value	\$10,000.00
R/W required	8 acres	value	<u>\$ 9,500.00</u>
Excess Land	2 acres	value	\$ 500.00

The sum total of the permanent R/W to be acquired plus the excess land must equal the total acreage acquired and the total compensation to the owner.

## 9. STATEMENT OF THE BASIS FOR JUST COMPENSATION (REV-29)

Federal Regulations 49 CFR 24.101 (b) (1) and (2), Agencies are to inform the owner(s) in writing of the Agency's estimate of the market value for the property to acquired.

The Statement of Just Compensation is the method of compliance with these requirements and is the only itemization that the property owner will receive. The form is prepared and signed by the project Review Appraiser, or, if the value was established by a Waiver Valuation, the person delegated by the acquiring agency or INDOT consultant to approve the report. An official of the Acquiring Agency must approve the compensation prior to an offer being made for purchase. All blanks on form REV-29 are considered to be self explanatory, except the following:

- #3 State the area and type of interest being acquired, i.e., 23,535 sq. ft. Fee Simple; 253 sq. ft. Temporary R/W.
- #5 Each cost to cure estimate should be broken out here. Indicate the type of relocation (fence, septic, canopy, etc.) and the amount estimated.
- #6 List the improvements being acquired from the fee owner. Do not state dollar amounts for the improvements to be acquired.
- #7 List the land improvements, etc., being acquired from the fee owner, Do NOT list specific number of trees, shrubs, etc. Also, do not state the dollar amount to be paid for the land improvements.
- #8 Any further explanation pertinent to the compensation. List the items in the acquisition that are considered to be compensable to the lessee (name the lessee).

**STATEMENT OF THE BASIS FOR JUST COMPENSATION**

LA Code # \_\_\_\_\_

1. This is a written statement of, and summary of the basis for, the establishment of the amount believed to be, through a valuation process, just compensation for the purchase of this right-of-way for highway purposes. The amount set forth in Item 5 below is not less than the approved estimate of value. Public Law 91-646 provides that this value disregards any decrease or increase in fair market value of the property prior to the date of valuation caused by the public improvement for which the property is acquired other than physical deterioration within reasonable control of the owner.

2. The legal description of this acquisition is set forth in the instrument of conveyance in the following identified parcel and this acquisition is identified in the Acquiring Agency's records as:

Project \_\_\_\_\_ Parcel \_\_\_\_\_ Road \_\_\_\_\_ County \_\_\_\_\_

Owner(s) \_\_\_\_\_

3. The area and type of interest being acquired: \_\_\_\_\_  
The amount in Item 5 below includes payment for the purchase of all interests in the real property and no separately held interest is being acquired separately in whole or part, except as may be explained in Item 8 below.

4. This acquisition is (Check one):  
a. ☐ A total acquisition of the real property.  
b. ☐ A partial acquisition of the real property.

5. The Agency's Offer: Just compensation has been determined to be and the Acquiring Agency's offer for the purchase of this real property is as follows:

a. Total Land, Land Improvements and Buildings	\$ _____
b. Severance Damages (i.e.: Setback, Loss in Value to the Residues, etc)	\$ _____
c. Other Damages (Itemize) Cost-To-Cure estimates:	
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
Temporary R/W	\$ _____
Total Damages	\$ _____

Total amount believed to be Just Compensation offered for this Acquisition is: \$ \_\_\_\_\_

6. The amount in Item 5 above may include payment for the purchase of certain buildings and improvements and their ownership shall pass to the Acquiring Agency. These buildings and improvements are identified as follows:

\_\_\_\_\_  
\_\_\_\_\_

7. The amount in Item 5 above may include payment for the purchase of certain Land Improvements, Fixtures, Equipment, Machinery, Signs, Etc., and their ownership shall pass to the Acquiring Agency. These items are identified as follows:

\_\_\_\_\_  
\_\_\_\_\_

8. Items owned by others (i.e.: lessee, tenants, etc.) included in Item 5 above are identified as follows:

\_\_\_\_\_  
\_\_\_\_\_

9. Remarks: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature  
Acquiring Agency:

## 10. REVIEW OF TWO OR MORE APPRAISAL REPORTS

One of the review appraiser's primary responsibilities is determining fair market value when two or more appraisals are prepared for the same property and there is divergency in value between the appraisal reports. All appraisals being considered may be acceptable but still reflect different opinions of value.

There are four alternatives available to the review appraiser when there are two or more appraisals to review:

- a. Approve one appraisal over the other appraisal and fully document the reasoning behind the decision;
- b. The reviewer may assign a fair market value either WITHIN the range of the appraisal reports or OUTSIDE the range of either appraisal. The reviewer must follow acceptable appraisal practices, fully explain their reasoning, and provide adequate market information to document the fair market value estimate;
- c. The reviewer may choose to approve neither appraisal, but may request that Supervision, Agency Official, or Consultant, obtain another independent appraisal.
- d. The review appraiser may include additional sheet (s) of paper to adequately explain the value correlation. The heading on EACH additional page must include:

Project – Parcel – Road – Code – Owner's Name

The original pages of the reviewer's additional correlation will be attached to the original REV-27 form.

## 11. REVIEW OF SPECIALTY REPORTS

- a. It is the reviewer's responsibility to examine the report for accuracy and ascertain its acceptability as per directives in Chapter II, Page 57.
- b. If the specialty report appears to be acceptable, the report is then transmitted to the appraiser for inclusion in the appraisal report.
- c. If the appraisal of the property has been completed, it is the responsibility of the review appraiser to include the specialty items in the review of the appraisal. In either case, the reviewer shall field inspect the property or indicate in the appraisal review why a field inspection was not made.

- d. Review forms REV-27, REV-28, and REV-29 may be used if applicable to the specialty report being reviewed.

12. MINIMUM COMPENSATION

It is the policy of the Division of Land Acquisition to make a minimum offer for any type or combination of types of right-of-way acquisition as follows:

Permanent R/W with Temporary R/W and/or Access Rights	\$250.00;
Permanent R/W only or Temporary R/W and Access Rights	\$200.00;
Temporary R/W only or Access Rights only	\$150.00.

The review appraiser will add an administrative increment to any appraisal estimate below the appropriate figure in each situation to equal the appropriate minimum compensation and check the box provided on the Waiver Valuation.

13. VALUE OF DWELLING/HOME SITE FOR RELOCATION PURPOSES

When an owner-occupied dwelling is acquired, it may be necessary for the review appraiser to provide additional information for use by the Relocation Section in the determination of Replacement Housing Benefits, if any, that may be due an occupant of the subject property.

If the appraised property is a total take whose home site is typical or less in size for residential tracts in the area, the necessary information should be contained in the appraisal on the Breakdown of Estimated Compensation sheet, Form LF-16 or NF-20, and no further information from the reviewer should be necessary. If the property is any of the following:

A partial take whose uneconomic remainder is not purchased by the Agency;

OR

If the reviewer differs with the appraisers estimation of the value of the property or the breakdown of the value of the property;

OR

If the dwelling is located on a tract other than typical for residential use in the area;

OR

If the dwelling is located on land with a different highest and best use.

The review appraiser must provide the following breakdown:

Estimate of the value of the dwelling taken;  
The itemized residential related land improvements taken;  
The value of any residential related service buildings taken;  
The typical residential size tract computed from the unit value approved for the corresponding area of take (show computation – site times unit value), plus the damages to the residential uneconomic remainder.

These values must be compatible with and not exceed those inherent in the approved compensation.

When the uneconomic remainder is purchased by the Agency or the remainder includes a build able residential lot, show the “carve-out” as being the itemized before value of the whole residentially improved home site. The reviewer must enter this information on the Relocation Breakout Form and include it in the addendum of the appraisal report. The Relocation Agent will use this information to establish relocation entitlements. See Exhibit #43.

#### 14. RE-REVIEWS

On the basis of additional available market information, the review appraiser may at any time prior to settlement, adjust the estimate of just compensation. All such adjustments in value shall be fully documented and retained as a part of the project and parcel files.

##### a. Re-reviews when value is changed:

When the value is changed in a re-review of an appraisal, an amended form REV-27 form should be completed. The form should be labeled as Amended Certificate of Review Appraiser and Conclusion of Fair Market Value. The word ‘**Amended**’ will need to be typed or written on the form.

The reviewer shall then void all the copies of the previous original form REV 27 will be marked **Void** the current date and the reviewer’s name.

Example

Void  
1-20-2006  
by \_\_\_\_\_

In addition to voiding the old REV-27 on the parcel copy and labeling the new REV-27 form "Amended", the written explanation of the review should include an opening statement that this review amends and includes the previous review dated\_\_\_\_\_.

Copies of the amended review should be prepared and forwarded the same as for the original review.

A revised Statement of Just Compensation must be prepared and signed by the review Appraiser. All copies of the previous form must be replaced with the revised form.

- b. Re-review when value is unchanged.

When the value is unchanged by a re-review, a written explanation in the form of a memorandum to file is all that is necessary. One copy of the memorandum should be sent to the Records Unit. The parcel copy should be attached to the parcel copy of the appraisal.

## 15. PARCEL PROCESSING

- a. When the appraisal review process is completed, the parcel packet along with the required number of copies of the appraisal report and the three original review forms is submitted to the supervision for data base entry and parcel processing.

### (1) PARCEL WITH NO RELOCATION ACTIVITY REQUIRED

Original appraisal plus one (1) copy  
Original 27 plus one (1) copy  
Original 28 plus one (1) copy  
Original 29 (marked "owner" in upper right hand corner.)  
29 (2 copies)

### (2) PARCEL REQUIRING RELOCATION

ALL OF THE ABOVE PLUS:

1 copy of 27, 28, 29 stapled to a copy of the appraisal report.

- (3) The review Appraiser must notify the supervision when all appraisals for a project have been reviewed and turned in for submittal to the Buying Section. This is the only way that the supervision will know to enter the appraisal completion date on the data base.

## 15. OPERATIONS PROCEDURE

- (1) One copy of each appraisal & appraisal review form i.e. 27, 28, 29 is transmitted to the Records Unit.
- (2) The original appraisal & original review forms 27 & 28 along with a copy of 29 are stapled together & placed in the parcel packet.
- (3) If there is an occupied structure involving relocation, one copy of the appraisal along with review forms 27 & 28 & 29 is sent to the Relocation Section.
- (4) Comparable Dockets –  
Original – to Records Unit  
Copy \_ - to the Project Review Appraiser  
Copy \_ - to the Appraisal Section Comparable Sales File

## WEEKLY REPORTS

The Review Appraiser is required to complete a weekly report indicating the activity Worked on during the week as well as updating the administrative staff as to the Progress of each assigned project. See Chapter II, page 14.

## PERFORMANCE EVALUATIONS

The Review Appraiser must complete a Performance Evaluation Report for each staff and fee appraiser at the completion of their appraisal assignment. See the form below. The report is turned in to Supervision who will also sign and date the report. For both fee and staff appraisers, the original report is given, (or mailed) to the appraiser and a copy is retained in the respective appraisers file.

Indiana Department of Transportation  
Performance Evaluation of Appraisal Reports

Appraiser					
LA Code					
Parcel number					
Due Date					
Extended		yes	no	Reason for extension:	
Completion Date				Design changes	yes no
Parcel Returned for Corrections		yes	no	R/W revisions	yes no
Revision by Reviewer		yes	no	Poor management	yes no
Difficulty of Appraisal		4	3	2	1 Other
Examples	4-Commercial, Industrial, Multifamily Residential long form or narrative with damages, leasehold interest with damages, etc. 3-Narrative without damages, Ag (farmstead) with damages, 2-Short form total take, Residential (SFR) with damages, etc 1-Market estimates, Value Findings, Excess land, etc				

Summary of Appraiser Rating

	5	4	3	2	1
Quality					
Timeliness					
Cooperation					
Difficulty					
Overall Rating					

5 Excellent    4 Above Average    3 Average    2 Marginal    1 Unsatisfactory

Remarks/Recommendations

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Reviewer		Date	
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**CONDEMNATION AND LEGAL INFORMATION**

**PURPOSE**

The purpose of this Section is to assist appraisers and review appraisers to prepare the appraisal in the event that condemnation is necessary to secure the parcel.

If the Buying Section is unable to purchase a parcel, for an INDOT project, that parcel will be sent to the Office of the Attorney General to have a lawsuit filed. It is the duty of all staff and fee appraisers to cooperate with and assist the Office of the Attorney General in preparing and trying the lawsuit.

It is assumed that the Local Public Agencies will follow the same condemnation process utilizing the services of a local Attorney.

**DATE OF TAKE**

The appraisal date (or effective date) of the original appraisal on any project will be the date of the last inspection by the appraiser. Once a condemnation case is filed, the Court, by law, establishes a new appraisal date; this date is commonly referred to as the “date of take” and is the date the defendants (owner of the interests in real estate acquired by the state) are served with a copy of the Notice to Appear in court and the Complaint for Appropriation of Real Estate. Indiana Statutes IC 32-24-1-6 and IC 32-24-1-7.

Since the effective date of the original appraisal may be from 6 months to several years before the date acquisition, it is frequently necessary for the original appraiser to update the appraisal to correspond with the “date of take”. In this event, the appraiser re-appraises the subject property using the “date of take” as the new effective date of the appraisal.

The Deputy assigned to the case may also request additional appraisals or valuation reports. Additional appraisals should comply with the Department’s requirements for the original appraiser to update the appraisal to correspond with the “date of take”. In this event, the appraiser re-appraises the subject property using the “date of take” as the new effective date of the appraisal.

The “date of take” may be obtained from the Deputy who is handling the case for the Office of Attorney General. That date may be provided to the appraiser with the other general information supplied by the Department.

## **EXPERT WITNESS**

These witnesses are usually appraisers or valuation witnesses but on occasion may be architects, geologists, etc., depending on each given situation.

It is the responsibility of the Expert Witness to be prepared to adequately represent his/her opinion in the case. If the Expert's area is appraisal, the witness must be prepared to give supported testimony as to the before and after of the subject property.

In addition, the appraisal witness must be prepared to testify to the value of the land, land improvements and structures acquired, as well as to the loss in value, if any, to the remainder in the case of a partial acquisition.

All Expert Witnesses are under a contractual agreement to keep their finding confidential between themselves and the Acquiring Agency, their legal representatives, and the Federal Highway Administration, until released in writing or by having testified to these findings in an open court of law.

In selecting a witness to testify as to the fair market value, the following items are considered:

- a. The original appraiser will often be used if that person is available and still considered to be qualified.
- b. The Attorney General's office will often request an additional witness, or witnesses. Also, if the circumstances of a particular case require the services of a specialist expert, the Attorney General's office will request that a particular expert be made available. These witnesses are contacted and an agreement for their services is initiated. Approval of Expert Witnesses is given by the Real Estate Manager.

## **VALUATION WITNESS REPORT**

A valuation witness may be utilized in presenting evidence of value. The valuation witness may be required to furnish a documented estimate of fair market value as of the legal date of take, for the condemned parcel. A complete, formal, appraisal report may not be required; however, the content must include the following 7 elements:

- a. Estimate of value
- b. Date at which the value is estimated
- c. Certification and signature of the appraiser
- d. The purpose of the appraisal
- e. The qualifying conditions
- f. An adequate description of the neighborhood and the property
- g. Factual data together with its analysis and interpretation

A valuation witness may also be utilized in presenting evidence of value for property items of a special nature, such as previously described under Specialty Reports. See "Specialty Reports", Chapter II, page 57.

## **DETERMINATION OF DAMAGES**

Appraising for eminent domain or condemnation involves unique problems. The purpose of an appraisal in a condemnation case is to determine the damages suffered by the owners of the interests in the property rights acquired by the Acquiring Agency.

Indiana Courts have recognized two methods of estimating damages in Condemnation cases.

The *first method* is to appraise the entire property immediately before the acquisition and then appraise the residue immediately after the acquisition: The difference between the two appraisals equals the total damages suffered by all defendants. See Stephenson v. State (1963), 244 Ind. 452, 193 N.E. 2d 369. However, benefits caused by the highway project may never be offset against the value of the real estate and improvements taken. If benefits are indicated, it may be necessary to use the second method of valuation.

The *second method* of measuring damages involves totaling the various types of damage cause by the State's taking. These types of items of damage are specified by Indiana Statute, IC 32-24-1-9, as follows:

First	–	The fair market value of each parcel of property sought to be acquired and the value of each separate estate or interest in the property.
Second	–	The fair market value of all improvements pertaining to the property, if any, on the portion of the property to be acquired.
Third	–	The damages, if any, to the residue of the property of the owner or owners caused by taking out the part sought to be acquired.
Fourth	–	The other damages, if any, that will result to any persons from the construction of the improvements in the manner proposed by the Plaintiff.

The words “parcel of property” in the first element of damage above probably means parcel of land, since the word ‘property” also includes improvements which are included in the second element of damages and the General Assembly did not intend for improvements acquired to be paid for twice.

Although the Third element specifically refers to damages to “land”, any reduction in value to improvements cause by the acquisition should also be included under this item. Any special benefits resulting to land because of the acquisition should be offset against the Third and Fourth elements of damage mentioned above.

- ♦ *Special Benefits* are those which apply peculiarly to the tract of land from which the acquisition is made.
- ♦ *General Benefits* resulting to the community or locality at large cannot be set against damages to the remaining land.

Since benefits may only be offset against the Third and Forth elements of damages, the value of the land and improvements acquired is the minimum amount of damages and must always be paid for.

Generally, sales of properties affected by the same project as involves acquisition from the subject may not be used as comparables to determine the value of the subject property before the State's acquisition. State v. Sovich (1969) 253 Inc. 224,252 N.E. 2d 582. However, such sales are probably the best indication of value after the acquisition and may be used as comparables for the after value of the subject.

## **ITEMS AFFECTING VALUE**

The key in separating items that are compensable from items that are not under Indiana Condemnation Law is whether the item in question would affect the price a willing buyer would pay for the property. Generally, items that would affect the price a willing buyer would pay are compensable and items that would not affect the sale price are not.

Elements the appraiser should consider include:

1. The highest and best use to which the property is adaptable at the time of acquisition. This highest and best use is not limited to the use made of the property at the time of acquisition.
2. Generally speaking, all present or prospective damages which are the natural or reasonable result of the acquisition and construction of the improvement, but not including any damages arising from negligence, lack of skill or wrongful acts.
3. Division, by the acquisition from the subject as affecting access to the residue tracts, and the size and shape of these tracts. For example, access to and angulation of fields, causing point rows.
4. Contiguous parcels which are operated as a unit and are under the same ownership should be treated as a single parcel in the appraisal. The common use and ownership of the parcels are the most important factors. "Contiguous" does not necessarily mean adjacent. The Indiana Court of Appeals, in City of Mishawaka v. Fred W. Bubb Funeral Chapel (1984), Ind. App., 469 N.E. 2d 757, treated a warehouse as contiguous to a funeral chapel located several blocks away.
5. Interference with access or loss of access is compensable only when the loss of access is special and peculiar to the subject property and no other reasonable means of access is available to the subject property for its highest and best use. This interference with, or loss of access can be caused by: (1) a grade separation between the subject and the road which prevents access from the subject to the road, (2) elimination of or dead-ending a road which in certain types of traffic being physically unable to reach the subject; (3) elimination of existing driveways.
6. Income which is intrinsic to the land itself and not to a business operated on the land. Ground rent may be used to determine the value of the land but the net income from a Business may not be.
7. Unplatted land should generally be valued at the price it would command in a single sale (as acreage). The value of the unplatted land may be based upon multiple sales (e.g., lots) if a ready market exists for the sales, no elements of skill or risk are involved in the sale and no development costs would be incurred.

8. Platted land may be valued based upon multiple sales, but a ready market must be shown with no elements of skill or risk involved and a discount factor applied to account for the time required to market the lots. Taking from one lot in a platted subdivision should normally not affect the value of other lots.
9. Existing crops, including nursery stock, should be paid for at the current value of the crop. This value should be the estimated sale price at harvest minus cost of production (including harvesting) discounted to present value.
10. Minerals and tress as timber or landscaping should be treated as having contributory value to the land. Consideration should be determined to what extent the value of the land is increased due to the presence of mineral(s) and an estimation of how much more would a buyer pay for the land if it contains coal. These estimates should be supported by comparables containing the contributing item(s).
11. Cost-to-cure to restore utility to the residue may include: replacement fencing, the cost of constructing an access road or the cost of fill.
12. Drainage problems caused by the construction of the improvement. This may involve the cost of restoring interrupted field tile or the cost of new tile or other drainage structures.
13. Reduction in setback or lot size which results in placing the subject in violation of local zoning. The damage cause by the change in highest and best use will need to be evaluated.
14. The nature of the landowner's interest in the property as well as the nature of the Acquiring Agency's interest (fee, easement, or dedication) in existing right-of-way. For example, if the Agency's interest in the existing right-of-way is by way of easement or right-of-way grant and the landowner owns the underlying fee; the land owner has a limited right to make use of that portion of the right-of-way not actually under pavement, so long as the owner's use does not interfere with the Agency's use of its easement or right-of-way for highway purposes.

In the above example, the landowner probable has a right to use the road shoulder to drive from one field to another or to make turns with farm equipment. See Town of Ogden Dunes v. Wildernuth (1968), 142 Ind. App. 379, 235 N.E. 2n 73. Any use of the non paved right-of-way by the landowner in the above example which is a dangerous hazard, obscures sight distance or interferes with the Agency's use of the right-of-way would be illegal and non-compensable.

## **NON COMPENSABLE DAMAGE ITEMS**

All factors affecting market value shall be considered, however the following specific elements are not items of damage under Indiana law and cannot be the basis for just compensation:

1. More circuitous route to some specific location unless it affects the physical use of the property as an operating unit.
2. More difficult and inconvenient access, as long as reasonable access remains and the change in access does not amount to substantial or material impairment of access.
3. Diversion of traffic or interference with a business operated on the subject property resulting from a loss of free flow of traffic to or past the subject, division of traffic or more difficult or inconvenient access.
4. Generally, any speculative or conjectural damages.
5. Speculation about future negligence in the construction or operation of the improvements.
6. Damages based upon the landowners specific intended future use of his property or compensation based upon improvements which are not yet in existence on the date of take.
7. The advisability of building the improvement or the location of the route.
8. Compensation for personal property; however fixtures or business fixtures are not personal property and should be treated as part of the real estate. To determine if an item is personal property or a fixture, refer to the fixtures section.
9. Loss of profits from business operated on the subject property.
10. Theft or loss of personal property due to the proximity of the highway.
11. The cost of purchasing a replacement for the property taken. Relocation entitlements MAY cover these costs.
12. Any damages for inconvenience suffered by the community or public in general, when streets are being repaired or highways constructed or widened.

## **FIXTURES: PERSONAL OR REAL PROPERTY**

Fixtures are items which would normally be considered personal property, but because of attachment to the real estate or used in conjunction with the real estate, are considered part of the real estate.

Generally an item is a fixture if it is attached or affixed to the real estate or if it is adapted to the use of the real estate and it was the intent of the person attaching, affixing or adapting the item that it became part of the real estate. It is frequently said that the intent of the person is the true test of whether or not an item is a fixture and this intent is not determined solely by the person's stated interest. The person's intent is determined by all surrounding circumstances. For example, if a person attaches an item to real estate in such a manner that removal would cause damage greater than the value of the item, the item is considered a fixture.

Parties, as between themselves, may agree that an item which is attached to real estate is to remain personal property and may be removed by the owner. A building erected by a lessee on real estate owned by the lessee may be personal property, if the lease so provides. However, an innocent purchaser of the real estate who buys without notice of the agreement would probably also acquire the building as part of the real estate.

Certain items are considered fixtures because they are routinely included in the sale of real estate. Among these items are:

- ♦ Lighting fixtures attached to walls or ceilings
- ♦ Water closets, vanities and other bathroom fixtures
- ♦ Stoves or other building appliances
- ♦ Curtain rods and attached blinds

It must be understood, however, that even these items are sometimes not fixtures, for the reasons stated above. Consequently, the appraiser should always consider each item, and the facts surrounding its presence, individually and critically.

Trade fixtures are items, such as machinery, which are affixed to the real estate by a tenant and are to be used in the business conducted on the real estate. If there is no agreement to the contrary and the item(s) may be removed without causing substantial injury to the real estate or the item(s) themselves and are capable of being re-installed and used elsewhere, the item(s) probably remains the personal property of the tenant. If the tenant fails to remove the item(s) within a reasonable period of time after the termination of the lease, the item(s) probably become a fixture.

Business fixtures are those items used in conjunction with a business which are so specially adapted to that business that they have little or no value to the owner independent of the operation of the business. This definition of business fixture can include items that normally are considered personal property. Ash trays, towels and other items used in the motel business which have the name of the motel imprinted on them would be business fixtures, although such items normally would be personal property.

This discussion of fixtures is intentionally brief and is meant only to be an introduction to the subject and a general guide for the appraiser. There are more diverse and questionable situations which the appraiser will occasionally encounter. In those circumstances the appraiser should seek advice from an appropriate supervisor, and/or legal advice from the Deputy Attorney General, or the Attorney for the Local Public Agency as the situation dictates.

## **ACCESS RIGHTS**

Access rights have been defined as: "The right of ingress to and egress from a property which abuts upon an existing street or highway". The concern of the appraiser is to what extent the Acquiring Agency may regulate this right without payment of just compensation, the point at which regulation or limitation of access requires payment of just compensation and what acts by the Agency constitute regulation or limitation of access.

The owner of real estate abutting on a street or highway has a private right in such street or highway, distinct from that of the public, which cannot be taken or materially interfered with without payment of just compensation. However, the rights of an abutting owner must be subordinated to the right of the public to the proper use of the highway and the right of governmental agencies to enforce proper police regulation. The right is subject to reasonable regulation and restrictions for the purpose of providing reasonably safe passage for the public, but the regulations or limitations cannot be enforced where they unduly limit or unreasonably interfered with the rights of the abutting owners.

The established easement which has been used for access purposes cannot be taken without just compensation, but, while the entire access may not be cut off, an owner is not entitled to access to lands at all points in the boundary between it and the highway. If the owner has a free and convenient means of access to the property and to the improvements thereon, and the means of ingress and egress are not substantially interfered with by the governmental Agency, there has been no compensable loss.

The right of access attaches to real estate which abuts on a public road or highway. The real estate which possesses this right does not have to be fee ownership in the land, but may consist of an easement. That is, if the owner of land which does not abut a public street or highway has the only means of access over an easement which runs to a public highway, the owner has the same right to that access at the highway as the owner of land abutting the highway.

The right to access is subject to regulation by the governmental authorities having control over the public highway through what is called "Police Power". In the case of state highways in Indiana, regulation may consist of speed, size and weight limitations on vehicles using the highway and INDOT regulations concerning driveway permits. Likewise, Local Agencies may have similar restrictions which must be adhered to.

Actual access from the abutting land to the highway is usually gained through a driveway. INDOT has enacted regulations establishing requirements and restrictions for driveways. These regulations can be found in the Indiana Administrative Code Title 105, Article 7. Under the regulations, INDOT has the authority to limit the number of driveways, determine allowable sizes for the driveways and require that the driveways meet construction and material standards.

Police Power gives INDOT the right to reasonably regulate access, for legitimate safety reasons, but not the right to deny reasonable means of access to the abutting owner. If regulation by INDOT, through its permits process, results in an abutting landowner being denied reasonable means of access, INDOT is responsible for restoring reasonable access or paying just compensation to the landowner.

A landowner is not entitled to unlimited access to the public highway for the full length of its abutment on a highway; however, the landowner is entitled to reasonable access to his/her property. Reasonable access, for some uses, may require more than one driveway or driveways of unusual size.

Under certain circumstances, State or Local Agency actions remote from the landowner's land may substantially and materially interfere with access and require just compensation. Indiana Case Law has held that relocation of a road which places the affected real estate on a dead end road or cul-de-sac may cause compensable damage. In many of the "dead end street" cases, the altered access to the property actually interfered with the existing use of the real estate; the new access was over roads with restricted weight limits or roads too narrow or turns too sharp to allow passage of trucks which had used the previous access to the property. See State v. Geiger & Peters (1964), 254 Ind. 143, 196 N.E. 2d 740; State v. Hastings (1965), 246 Ind. 475, 206 N.E. 2d 874 and State v. Toliver (1965), 246 Ind. 319, 205 N.E. 2d 672.

A change in grade of an existing road which substantially and materially interferes with the landowner's access would also require just compensation. However, the Courts have allowed damage even where there was no pre-existing use being made of the property and it retained access to another through road. State v. Peterson (1978), 269 Ind. 340, 381 N.E. 2d 83. While in Young v. State (1969), Ind., 246 N.D. 2d 377, the Court ruled that relocation of a pre-existing road away from the landowner's property did not substantially and materially affect access when the property retained its frontage on the former state road (now a frontage road) which was open at both ends.

In summary, loss of access is compensable only when the loss of access is special and peculiar to the property and only when no other reasonable means of access is available to the property. "Other reasonable means of access" does not mean access that is reasonable for some other use of the land. It refers to the access that will permit the land to be used for that purpose which was its highest and best use prior to the Agency's actions or acquisition.

On projects involving limitation or relocation of access, the State attempts to provide the landowner with access which is reasonable for its current highest and best use. However, the appraiser should never assume that the property will be unharmed. The appraiser must determine if the property will retain reasonable access for its highest and best use. If it does, the property is not damaged.

## **TITLE OR INTEREST ACQUIRED**

It is the intent of this section to provide some comments of clarification regarding the various types of title or interest acquired by the State in the course of R/W acquisition.

1. **Warranty Deed** – Except as otherwise provided, INDOT acquires fee simple title by warranty deed in all acquisitions of permanent right-of-way, limited access permanent right of way, excess land, occasionally for conventional right-of-way which has been converted from provisional right-of-way for condemnation purposes, and for the acquisition of abutter's access rights where no land (or only temporary right-of-way) is required from the owner.
2. **Administrator's Deeds, Executor's Deeds, Special Warranty Deeds** – are used when someone or more than one person has been legally vested with the right of administration of an owner's estate, or has been appointed by a testator to execute the testator's will, and in other special situations.
3. **Quit-Claim Deed** – This type of instrument is used to secure a conveyance or release, without warranties of title, interest, or claim, and is sometimes employed to clear title to lands being acquired. A Quit-Claim Deed is always used when it is necessary to clear a contract purchaser's interest.

4. **Release of Leasehold Estate** – The interest of the lessee is terminated by virtue of a special instrument titled “Partial Release of Leasehold Interest” unless released by assignment. In either event, the fee title must be acquired clear of the leasehold estate.
5. **Temporary and Provisional Rights of Way** – The following easements are acquired by special clauses on warranty and other forms of deeds whenever a deed is being drawn for the acquisition of other land or lands or access rights in fee simple from the owner:
  - ♦ Temporary Right-of-Way – Easement which reverts to the owner at the completion of the construction on the project.
  - ♦ Temporary Right-of-Way for Building Removal Only – Easement which reverts to the owner upon the removal of the building and recordation of release.
  - ♦ Provisional Right-of-Way – Easement which reverts to the fee owner at the completion of the construction on the project, but subject to permanent maintenance rights which are retained by the State.
6. **Right-of-Way Grant (Easement)** – Temporary and provisional rights-of-way are often acquired from political subdivisions by right-of-way grant.

INDOT acquires temporary and professional rights-of-way by way of a Right-of-Way Grant when no Warranty Deed is needed for acquiring fee simple title for permanent right-of-way or access rights from the same owner. In the event of a contract of sale, the contract buyer is expected to join with the fee owner in the execution of the grant, so a separate instrument need not be signed by the contract buyer where only temporary or provisional rights-of-way are sought.

7. **Perpetual Easement for Off-Highway Items** – When the project plans require a “Perpetual” or “Permanent” easement for the construction and maintenance of a sewer, ditch, drain or any other item (excepting items subject to the jurisdiction and control of the County Drainage Board) outside of the highway or service area right-of-way, a form entitled “Highway Easement Grant for Construction and Maintenance of \_\_\_\_\_” is used. This form may require modification to suit individual situations. See Chapter IV for appraisal guidelines.

This easement, when granted, shall pertain to the surface and subsurface rights and interest of the grantor, for the use and benefit of the grantee, to the nature and extent that the grantee may need the surface and subsurface rights and interests to accomplish and carry out the general purposes of the conveyance.

The grantor may not construct, maintain, allow, or suffer any improvements to be placed on or over the easement.

Neither the Acquiring Agency (grantee) nor its successors in title may erect any fence, blockade, or other device which would prevent or obstruct access or passage on or over the surface of the easement area, provided that such access use shall not in any way tend to endanger, damage, or harm the improvements constructed by the Agency.

The grantor retains the right to use and occupy the surface area on and over the easement Provided that such use and occupancy does not in any way conflict with or obstruct the Agency's right to use the surface for its purpose and intentions.

The INDOT Buyers Manuel has more detail regarding these contingencies.



**FEE APPRAISAL GUIDELINES**

**INDIANA DEPARTMENT OF TRANSPORTATION**

**DIVISION OF LAND ACQUISITION**

**APPRAISAL SECTION**

## FEE APPRAISER GUIDELINES

**Code of Federal Regulations, dated March 2, 1989 CFR 24.103 (d)** states:

“Qualifications of Appraisers. The Agency shall establish criteria for determining the minimum qualifications of appraisers. Appraiser qualification shall be consistent with the level of difficulty of the appraisal assignment. The Agency shall review the experience, education, training, and other qualifications of appraisers, including review appraisers, and utilize only those determined to be qualified.”

The Uniform Relocation Assistance and Real Property Regulation for Federal and Federally Assisted Programs was amended as of December 31, 1992 regarding the use of contract (fee) appraisers by acquiring agencies utilizing federal funds for highway improvements. **THE REGULATION IS APPLICABLE WHEN FEDERAL FUNDS ARE USED IN ANY PHASE OF A PROJECT.** The regulation also applies to fee review appraisers who review appraisal reports.

**THE AMENDMENT; CFR Part 24.103(d)**, states:

“if a detailed appraisal is necessary, and the Agency employs a contract (fee) appraiser to perform the appraisal, such appraiser must be certified in accordance with Title XI of the Financial Reform, Recovery, and Enforcement Act of 1989 (FIRREA).”

**Code of Federal Regulation CFR 23, 1998, Section 1.33 Conflicts of interests,**  
states:

“No official or employee of a State or any other governmental instrumentality who is authorized in his official capacity to negotiate, make, accept or approve, or to take part in negotiating, making, accepting or approving any contract or subcontract in connection with a project shall have, directly or indirectly, any financial or other personal interest in any such contract or subcontract. No engineer, attorney, appraiser, inspector or other person performing services for a State or a governmental instrumentality in connection with a project shall have, directly or indirectly, a financial or other personal interest, other than his employment or retention by a State or other governmental instrumentality, in any contract or subcontract in connection with such project. No officer or employee of such person retained by a State or other governmental instrumentality shall have, directly or indirectly, any financial or other personal interest in any real property acquired for a project unless such interest is openly disclosed upon the public records of the State highway department and of such other governmental instrumentality, and such officer, employee or person has not participated in such acquisition for and in behalf of the State. It shall be the responsibility of the State to enforce the requirements of this section.”

In accordance with these Federal Regulations, the Appraisal Section of the Division of Land Acquisition, Indiana Department of Transportation, has established qualifications for fee appraisers and fee review appraisers to be utilized by the acquiring agencies in the appraisal of property needed for land acquisition purposes.

INDOT has adopted this policy for all contracts with fee appraisers or review appraisers for all state and Federally funded projects.

Fee appraisers and fee review appraisers under contract with the Indiana Department of Transportation (INDOT), a right-of-way consultant, or a Local Public Agency (LPA), must comply with the appraisal requirements as specified in the current edition of the Division of Land Acquisition, Appraisal Section, Appraisal Manual.

## **APPRAISER QUALIFICATIONS:**

1. To remain or be added to the list of qualified fee appraisers, a fee appraiser must hold a current State of Indiana Appraisal License which are:
  - ♦ Indiana Licensed Residential Appraiser
  - ♦ Indiana Certified Residential Appraiser
  - ♦ Indiana Certified General Appraiser
2. In addition to having one of the above State of Indiana Appraisal Licenses, an appraiser must attend a one day Appraisal Workshop in order to be added to the list of qualified appraisers. The Appraisal Section, Division of Land Acquisition, presents the Workshop annually in the State of Indiana Government facility in Indianapolis.

Attendance at subsequent Appraisal Workshops may periodically be required of appraisers that are on the list of qualified appraisers in the event that significant changes are made to the appraisal forms or in the appraisal requirements.

The purpose of the Workshop is to acquaint the appraiser with INDOT appraisal forms and requirements which may be specific to right-of-way acquisition appraisals.

3. An application for approval as a qualified appraiser must be submitted to the Appraisal Section Manager.

## **APPRAISAL TYPES WHICH MAY BE PERFORMED:**

1. Licensed Residential Appraisers may appraise:
  - ♦ Residential acquisitions up to four (4) units
  - ♦ Any bare land or residential appraisal with no severance damage
  - ♦ Parcels with minor cost-to-cure items such as the relocation of wells, septic systems, fencing, and signs or billboards
2. Certified Residential Appraisers may appraise:

The above properties, plus;

- ♦ Multi-family residential properties
- ♦ Partial acquisitions with setback damages to the residue dwelling or damages to the residue land
- ♦ Properties with minor severance/angulation damages to the residue land area

3. Certified General Appraisers may appraise:

All of the above properties plus;

- ♦ Total takes of any property types
- ♦ Partial takes with damages to the residue
- ♦ Properties with major cost-to-cure items (such as renovating a structure, or replacing the existing utility of a structure)
- ♦ Signs and billboards which are not owned by the fee simple property owner which must be purchased

**REVIEW APPRAISER QUALIFICATIONS:**

1. A Review Appraiser must hold a current State of Indiana Certified General Appraiser License.
2. A Review Appraiser must have previously been on the INDOT list of qualified appraisers and have completed, at a minimum, acceptable right-of-way acquisition appraisals of each of the following types:
  - a. Residential and/or commercial total takes.
  - b. Appraisal of partial acquisitions of residential properties with damages to the residue.
  - c. Appraisals of partial acquisitions of commercial properties with damages to the residue.

A desk review and evaluation by the Appraisal Section of INDOT must be completed for each of the above appraisal types. Sample appraisals must be made available for review if the appraiser has not previously prepared appraisal reports which were reviewed and evaluated by an INDOT review appraiser.

3. The appraiser must attend a one day Review Appraiser Workshop which is presented periodically by the Appraisal Section, Division of Land Acquisition.

The purpose of the Review Appraisal Workshop is to acquaint the appraiser with the Review Appraisal forms, the documentation which must be provided, and the procedure which must be followed in the review appraisal process.

4. An application for Review Appraiser approval must be submitted to the Appraisal Supervision.

## **LIST OF QUALIFIED APPRAISERS / REVIEW APPRAISERS**

1. When the application for either a qualified appraiser or review appraiser is approved by the Appraisal Section Manager, the applicant will be notified by letter and the name of the appraiser will be added to the list of qualified appraisers.
2. The list of qualified appraisers is distributed monthly to the INDOT six district offices and to Local Public Agencies and right-of-way consulting firms upon request.
3. The list will indicate the appraisal license held by the appraiser and the area of the state in which the appraiser prefers to work.

## **APPRAISAL PROBLEM & FEE ESTIMATE:**

1. When it is determined that one or more fee appraisers will be required for a project, the Contract Coordinator and/or the Review Appraiser who will be assigned to review the project will perform a field inspection of the project, determine the complexity of the appraisal problem and determine the appraisal fee for each according to the current INDOT Appraisal Fee Estimate Worksheet. The appraisal problem will be identified by placing a check mark in the appropriate area provided under "staff". See Exhibit #1

## **SELECTION OF APPRAISERS:**

1. Recommendations for the selection of appraisers by the Appraisal Section for INDOT projects is made by the Appraisal Section Project Contract Coordinator, the project Review Appraiser, the Appraisal Section Manager and approved by the Chief of the Division of Land Acquisition. Selections are based upon the fee appraiser's qualification, license, experience in right-of-way appraising, availability, and location. An effort is made to distribute the contracts equitably between those who are qualified to perform the work.

Consideration is given to:

- a. The property types and appraisal problems for each parcel to be appraised.
- b. The time for completion and the availability of the appraiser.
- c. Performance evaluations on part contracts (either INDOT or LPA Contracts).
- d. Professional qualifications of appraisers who have not had past experience with either INDOT or an LPA.
- e. The number of current or recent contracts with INDOT.

#### **ESTABLISHING FEES: WHAT ABOUT THE STRICT ADHERENCE TO THE FEE APPRAISER FEE WORKSHEET TO DETERMINE THE FEE**

- 1. The Contract Coordinator contacts two or more appraisers who appear to be qualified to perform the appraisals needed and determines if they are or are not interested and available for the contract in question.
- 2. Based upon the response from these appraisers, the Contract Coordinator, with the approval of the Appraisal Section Manager, selects the appraiser for the project.
- 3. When possible, the Contract Coordinator and/or the staff review appraiser assigned to the project will arrange a meeting with the selected fee appraiser on the project site to discuss the project and the project schedule. The completed Appraisal Problem & Fee Estimate forms (without the estimated fee) along with the project plans are submitted to the fee appraiser for their analysis of the appraisal problems to be addressed and their proposed fees.
- 4. The fee appraiser completes the appraisal problem and fee estimate sheet for each parcel by marking an "X" on the appropriate Fee column indicating The Improvements Taken, Land Improvements Taken, Possible Residue Damages, and the Recommended Report Form & approaches.

The fee appraiser then indicates the proposed fee for each parcel as indicated on the form.

If the appraiser and the preparer of the Appraisal Problem & Fee Estimate agree on the analysis of the appraisal to be prepared for each parcel and the proposed fee is within an acceptable range of the fee estimate by the Contract Coordinator, the Contract Coordinator submits the Appraisal Problem & Fee Estimate Sheets to the Appraisal Section Manager for approval. Once approved, the Contract Coordinator prepares an Appraisal agreement and either mails or delivers the agreement along with a Non-Collusion Affidavit to the fee appraiser for his/her notarized signature.

#### **PROCESSING THE APPRAISAL AGREEMENT:**

1. The fully executed and notarized Appraisal Agreement, as well as the Non-Collusion Affidavit, should be returned to the Contract Coordinator as quickly as possible for further processing.
2. The appraisal Agreement is transmitted to the Chief, Division of Land Acquisition for approval and notarized signature.
3. When the fully executed agreement is returned to the Contract Coordinator, a notice to proceed letter, along with a copy of the agreement, is mailed to the fee appraiser. (See Exhibit # 4).

Claim Voucher forms will be provided at this time, along with a W-9 form.

4. The original agreement is transmitted to the Operations Officer for entry on the Division data base. At this time, an agreement number is assigned to the contract. All Correspondence between the fee appraiser and the Appraisal Section must reference this agreement number.
5. The original agreement and a copy of the notice to proceed letter are then sent to the Records Section of the Division.
6. Copies of the Appraisal Problem & Fee Estimate along with copies of the agreement and the notice to proceed letter are retained in the Appraisal Section agreement file.

## **AMENDMENTS TO THE AGREEMENT:**

1. If, during the course of the appraisal process, it is determined by either party that the appraisal problem is other than that which was identified when the agreement was initiated, the Contract Coordinator may amend the fee and change the due date by letter stating the reason for the change. Extensions to the due date are given careful consideration since any delay may impact the construction schedule for the project.
2. If the fee appraiser finds that an extension to the due date is necessary, a letter to the Appraisal Section Supervision stating the reason(s) for the request must be received PRIOR TO the specified due date. If the extension is not granted, the penalty clause in item (5) of the agreement will be enforced.
3. Requests for extension to the due date received subsequent to the date will not be given consideration.
4. All amendments to the original agreement must have prior approval of the Appraisal Section Supervision.

## **SUBMITTAL OF APPRAISALS TO INDOT:**

1. When completed, the appraisals under contract, along with the comparable sales information, must be submitted to the attention of the Appraisal Section Supervision, Division of Land Acquisition, 100 North Senate Ave, N955, Indpls, IN 46204. It is important that the appraisals be received either on or before the due date specified within the appraisal agreement.
2. The incentive payment as stated in item (5) of the appraisal agreement will be initiated when all appraisals on the contract are received in the Appraisal Section Office two weeks prior to the specified due date and considered acceptable for review.

## **CLAIM VOUCHERS FOR PAYMENT:**

1. Claims for payment of appraisal services must be processed on the Indiana Department of Transportation Land Acquisition Claim-Voucher. State Claim Voucher-form 9929 (R4/8-89) along with a completed Statement of Appraisal Services. Please submit all three copies to the Contract Coordinator for processing. (See Exhibits # 5 & 6).

A W-9 form must be on file in the Appraisal Section or submitted along with the claim voucher. It is important that the name and address on the vendor portion of the Land Acquisition Claim-Voucher be exactly the same as the W-9 form. The state auditor's office checks this very closely and any discrepancy will cause delays in payment. See Exhibit #8.

If there is any change since the W-9 form was originally submitted, a new W-9 form must be submitted to the Appraisal Section prior to processing a voucher for payment. (Change of address, change in using Social Security vs Fed. I.D. number, change in payee name, etc).

2. The fee appraiser may submit claim vouchers for each appraisal as the reports are Completed and submitted to the Appraisal Section for review.
3. Claim vouchers will be processed for payment when it is ascertained that all appraisals for which payment has been requested have in fact been received as Stated. The completed claim forms are initialed by the review appraiser and approved by the Appraisal Section Supervision before they are forwarded for processing of the payment.
4. Receipt and method of distribution of checks is entered on the Division data base. (Mailed or Delivered).

Checks for payment to the fee appraiser will be released when the Appraisal Section Supervision is assured by the project review appraiser that the appraisals were acceptable for review. The clerical staff will mail the check along with a receipt of payment form which must be signed and returned to the Appraisal Section (See Exhibit #14).

## **EVALUATIONS:**

1. An evaluation of the appraiser's performance is completed by the review appraiser for the project for all INDOT contracts. A copy of the completed evaluation is forwarded to the appraiser under the original form is maintained in the Appraisal Section files for future references. (See Exhibit #9).
2. Fee Appraisers who do not comply with the standards established by the Appraisal Section may be removed from the list of qualified appraisers. Following is a list of the primary causes for such removal:
  - a. Suspended or expired State of Indiana Appraisal License
  - b. Repeated failure to comply with the current Division of Land Acquisition Appraisal Manual

- c. Repeated failure to meet due dates as stated in the Appraisal agreement
  - d. Poorly prepared, supported or documented appraisals
  - e. Repeated flagrant mathematical errors
  - f. Evidence that the appraiser/review appraiser has not adequately inspected the subject property and/or the comparables
  - g. Becoming a candidate for a political office or election to a political office
3. Qualified appraisers who have a salaried position with a governmental unit will remain on the list of qualified appraisers/reviewers solely for the purpose of performing appraisal work for the governmental entity by which they are employed.

#### **VALUATION WITNESS:**

Appraisals for parcels which are forwarded to the Attorney General's Office from the Buying Section for condemnation proceedings are monitored by the Appraisal Section, Division of Land Acquisition.

The following procedure is followed:

1. The Attorney General's Office submits a REQUEST FOR VALUATION FOR TRIAL PURPOSES form to the Appraisal Section Supervision. The request indicates the appraiser that the Deputy Attorney General wants to use in the proceedings. The selected appraiser is not required to be from the list of qualified appraisers maintained by the Appraisal Section (Exhibit 10).
2. The Condemnation Specialist orders the necessary plans, legal description, and land plats from the Engineering Section.
3. The Condemnation Specialist checks the Records file for any information that may be of value to the fee appraiser. (Copies of the appraisal, comparable sales, etc.) These items are forwarded to the fee appraiser along with the appropriate letter agreement for signature.

4. LETTER AGREEMENT:

- a. If the appraiser prepared the appraisal on which the offer to the owner was based, a request for an updated appraisal is sent for signature. The fee for the update will be as stated in item (21) (a) of the original agreement for appraisal services or a minimum of \$400.00 per day (Exhibit #11).
- b. If the selected appraiser is not currently under contract for the appraisal of the parcel, a valuation witness request letter is sent. (Exhibit #12). Payment for these services is on a daily rate which is currently \$400.00 per day for court appointed appraisers and appraisers who do not hold professional appraiser designations. The rate of \$500.00 is paid for appraisers who hold professional appraiser designations.

Additional instructions will be enclosed with the valuation witness request letter indicating what will be required of the appraiser. See (Exhibit #13).

5. When the appraisal is received, it is reviewed by the Condemnation Specialist. If corrections or additional documentation is required, the appraisal is returned to the appraiser. When the appraisal is considered acceptable for condemnation proceedings, the original appraisal is submitted to the Records Unit, Division of Land Acquisitions and a copy is sent to the Deputy Attorney General who is assigned to the case. At this time, the claim voucher for payment.

6. CLAIM VOUCHER FOR PAYMENT:  
See part I, Exhibit 5-8.

7. STATEMENT OF APPRAISAL SERVICES:

It is important that the dates and hours worked be indicated on this form. See Example (Exhibit #7).

